

Exhibit 99.1

Digital Video Systems, Inc.
Condensed Consolidated Balance Sheets
(In Thousands)
(Unaudited)

	March 31, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 3,038	\$ 6,444
Restricted cash	5,745	6,186
Marketable debt securities.....	660	423
Accounts receivable, net	4,577	2,045
Accounts receivable – related party	2,921	3,176
Inventories, net.....	19,374	24,645
Prepaid expenses and other current assets.....	2,242	2,081
Note receivable – related party.....	<u>732</u>	<u>732</u>
Total current assets	39,289	45,732
Property and equipment, net.....	12,580	12,639
Intangibles	272	335
Other assets	<u>421</u>	<u>65</u>
Total assets	<u>\$ 52,562</u>	<u>\$ 58,771</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Line of credit.....	\$ 23,243	\$ 26,051
Notes payable.....	4,799	3,603
Notes payable – related party	—	60
Accounts payable	8,835	11,903
Accounts payable – related party	—	524
Other payables.....	3,006	626
Accrued liabilities	<u>2,069</u>	<u>1,953</u>
Total current liabilities.....	41,952	44,720
Minority interest.....	<u>6,863</u>	<u>8,186</u>
Stockholders' equity		
Preferred stock, \$0.0001 par value, 5,000,000 shares authorized; no shares issued and outstanding	—	—
Common stock, \$0.0001 par value, 30,000,000 shares authorized; 10,160,317 and 8,881,090 shares issued and outstanding, respectively	1	1
Additional paid-in capital.....	79,838	77,650
Deferred compensation	—	(1)
Accumulated other comprehensive loss	1,902	1,521
Accumulated deficit	<u>(77,994)</u>	<u>(73,306)</u>
Total stockholders' equity	3,747	5,865
Total liabilities and stockholders' equity.....	<u>\$ 52,562</u>	<u>\$ 58,771</u>

Digital Video Systems, Inc.
Condensed Consolidated Statements of Operations
(In Thousands, except Per Share Amounts)
(Unaudited)

	Three Months Ended March 31,	
	2004	2003
Net revenue.....	\$ 17,522	\$ 27,682
Cost of revenue.....	<u>18,514</u>	<u>27,060</u>
Gross profit.....	<u>(992)</u>	<u>622</u>
Operating expenses:		
Research and development.....	1,745	1,313
Sales and marketing.....	931	800
General and administrative.....	<u>2,325</u>	<u>2,024</u>
Total operating expenses.....	<u>5,001</u>	<u>4,137</u>
Loss from operations.....	(5,993)	(3,515)
Interest expense, net.....	(317)	(252)
Other income (expense), net.....	<u>(61)</u>	<u>899</u>
Loss before minority interest and income taxes.....	(6,371)	(2,868)
Minority interest.....	<u>1,683</u>	<u>879</u>
Net loss.....	<u>\$ (4,688)</u>	<u>\$ (1,989)</u>
Basic and diluted net loss per share.....	<u>\$ (0.49)</u>	<u>\$ (0.31)</u>
Weighted average common shares and equivalent outstanding.....	9,624	6,391