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SmarTire Systems Reports Q1 2004 Results

Transition to new manufacturer contributes to order backlog for first quarter

RICHMOND, BRITISH COLUMBIA, CANADA: December 12, 2003 - SmarTire Systems Inc. (SMTR: OTCBB), a leading developer of tire pressure and temperature monitoring technology, today announced results for the first fiscal quarter ended October 31, 2003. SmarTire's consolidated financial statements and all financial information contained in this news release are stated in United States Dollars and are prepared in accordance with United States Generally Accepted Accounting Principles (GAAP).

Gross revenue for the first quarter totaled \$427,526, an increase of \$29,937 over the same quarter in fiscal 2003. SmarTire recorded a quarterly net loss of \$3.26 million or loss per share of \$0.06 compared to a net loss of \$2.07 million or loss per share of \$0.11 for the same quarter last year. This quarterly loss includes a non-cash interest charge of \$1.35 million related to partial conversion of convertible debentures.

"Our first quarter results were affected by an inventory shortage caused in part to transitioning the manufacturing of our products to Hyundai Autonet (HACO)," says Robert Rudman, President and Chief Executive Officer of SmarTire Systems. "HACO is quickly finalizing its production line and is preparing a build of SmarTire TPMS products to fill the backlog of orders booked but not shipped in Q1."

SmarTire also announces that the Annual and Special Meeting of the Company's shareholders took place on December 11th. All resolutions proposed by management for adoption by the shareholders were approved, and all of the incumbent Directors were re-elected to serve on the Board of Directors for the ensuing year. In the subsequent Board of Director's meeting, the Company's incumbent Officers were re-appointed for fiscal 2004.

SmarTire Systems Inc. develops and markets proprietary tire monitoring systems for the transportation industry worldwide. Incorporated in 1987, SmarTire is a public company with offices in North America and Europe. Additional information can be found at www.smartire.com.

'Jeff Finkelstein'

Jeff Finkelstein
Chief Financial Officer

SMARTIRE SYSTEMS INC
Financial Summary
Expressed in United States dollars

	Three months ended October 31,	
	2003	2002
Revenue	\$ 427,526	\$ 397,589
Cost of sales	<u>370,404</u>	<u>317,745</u>
Gross profit	57,122	79,844
Expenses	<u>1,854,326</u>	<u>1,986,847</u>
Loss from operations	(1,797,204)	(1,907,003)
Other expenses	<u>1,465,939</u>	<u>163,370</u>
Net Loss	<u>\$ (3,263,143)</u>	<u>\$ (2,070,373)</u>
Loss per share	<u>\$ (0.06)</u>	<u>\$ (0.11)</u>

SMARTIRE SYSTEMS INC.
Balance Sheet Summary
Expressed in United States dollars

	October 31, 2003	July 31, 2003
Cash and Cash Equivalents	<u>\$ 749,304</u>	<u>\$ 1,843,694</u>
Total Current Assets	<u>\$ 3,200,150</u>	<u>\$ 3,222,217</u>
Total Assets	<u>\$ 7,143,750</u>	<u>\$ 7,085,592</u>
Current Liabilities	<u>\$ 1,537,802</u>	<u>\$ 798,285</u>
Stockholders' Equity	<u>\$ 5,605,947</u>	<u>\$ 6,287,304</u>
Total Liabilities and Stockholders' Equity	<u>\$ 7,143,750</u>	<u>\$ 7,085,592</u>

Legal Note on Forward Looking Statements

This news release includes a forward-looking statement respecting the finalization of HACO's production line and HACO's preparation of a build of SmarTire TPMS products to fill the backlog of orders booked but not shipped in Q1. Such expected future events are forward-looking in nature and subject to risks and uncertainties, including uncertainties inherent in the ability of a third party manufacturer such as HACO to produce SmarTire products and technology, and SmarTire's ability to source product components in a timely manner. Readers should also refer to the risk disclosures outlined in the Company's annual report on Form 10-KSB for the last completed fiscal year filed with the SEC. The financial information contained in this news release should be read in conjunction with the more detailed information contained in SmarTire's quarterly report on Form 10-QSB for the quarter ended October 31, 2003, filed with the SEC.