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SmarTire Systems Reports Q2 2004 Results

Quarterly growth and replenished inventories set stage for sales and marketing focus

RICHMOND, BRITISH COLUMBIA, CANADA: March 12, 2004 - SmarTire Systems Inc.(SMTR: OTCBB) today announced results for its second fiscal quarter ended January 31, 2004. 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 second quarter totaled \$430,191, an increase of \$283,429 over the same quarter in fiscal 2003. SmarTire recorded a quarterly net loss of \$1.90 million or loss per share of \$0.02 compared to a net loss of \$2.13 million or loss per share of \$0.10 for the same quarter last year. Revenues for the first six months of fiscal year 2004 were \$857,717 an increase of \$313,366 over the same period last year.

"Despite an inventory shortage during this period, our results still reflected solid quarter-over-quarter and year-over-year growth," says Robert Rudman, President and Chief Executive Officer of SmarTire Systems. "Our inventory shortage will now be resolved with the first volume manufacturing run having been received from our Korean partner, Hyundai Autonet, (HACO). SmarTire is now in the position to focus its efforts on sales and marketing activities to drive continued revenue growth."

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 January 31,		Six months ended January 31,	
	2004	2003	2004	2003
Revenue	\$ 430,191	\$ 146,762	\$ 857,717	\$ 544,351
Cost of goods sold	376,746	130,660	747,150	448,405
Gross profit	53,445	16,102	110,567	95,946
Expenses	1,709,413	1,562,069	3,563,739	3,548,916
Loss from operations	(1,655,968)	(1,545,967)	(3,453,172)	(3,452,970)
Other Expenses	(249,211)	(583,905)	(1,715,150)	(747,275)
Net Loss	\$ (1,905,179)	\$ (2,129,872)	\$ (5,168,322)	\$ (4,200,245)
Loss per share	\$ (0.02)	\$ (0.10)	\$ (0.08)	\$ (0.21)

SMARTIRE SYSTEMS INC.

Balance Sheet Summary

Expressed in United States dollars

	January 31,	July 31,
	2004	2003
Cash and Cash Equivalents	\$ 1,367,190	\$ 1,843,694
Total Current Assets	\$ 4,708,006	\$ 3,222,217
Total Assets	\$ 9,412,369	\$ 7,085,592
Current Liabilities	\$ 855,549	\$ 798,285
Convertible Debenture	\$ 1,079,166	\$ 3
Stockholders' Equity	\$ 7,477,654	\$ 6,287,304
Total Liabilities and Stockholders' Equity	\$ 9,412,369	\$ 7,085,592

This news release includes forward-looking statements and are subject to risks and uncertainties. Our expectation that our inventory shortage will now be resolved can be adversely affected by our relationship with HACO, our ability to get credit from them and with potential issues of product quality. In addition, our expectation that we are now in the position to focus our efforts on sales and marketing is subject to other issues, such as financing, technology improvements, competitors and other matters not becoming critical issues. Readers should 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. As well, 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 January 31, 2004, filed with the SEC.