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**NEWS RELEASE – March 14, 2002**

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**SmarTire Systems Reports Second Quarter Results**

*Company making progress on the OEM front. Delay in U.S. legislation impacts short term sales*

**RICHMOND, BRITISH COLUMBIA, CANADA** – March 14, 2002 – SmarTire Systems Inc. (Nasdaq: SMTR), a leading developer of tire pressure and temperature monitoring technology, today announced results for its second quarter and six-month period of fiscal 2002 ended, January 31, 2002. SmarTire reports all results in U.S. dollars.

Gross revenue for the second quarter of 2002 totaled \$192,665, down from gross revenue of \$215,749 for the same period a year earlier. SmarTire recorded a net loss of \$2.1 million or loss per share of \$0.13 for the second quarter of 2002, compared to a net loss of \$1.5 million or loss per share of \$0.10 for the second quarter of 2001.

For the first six months of fiscal 2002, SmarTire recorded gross revenue of \$545,294, compared to gross revenue of \$395,917 for the same period a year earlier. The net loss for the first six months of fiscal 2002 totaled \$3.7 million or loss per share of \$0.23, compared to a net loss of \$2.8 million or loss per share of \$0.19 for the first six months of fiscal 2001.

For the six month period, sales of SmarTire's aftermarket products increased to \$400,137 in fiscal 2002 from \$234,642 in fiscal 2001. The balance of the Company's recorded sales consisted of other products including original equipment and motorsport systems.

"While the Company is pleased with the steady gain in sales of its aftermarket products and progress with vehicle manufacturers and Tier One integrators for future contracts, short term sales are below management's expectations," said Robert Rudman, SmarTire's President and Chief Executive Officer. "The delay by the U.S. government in finalizing the regulations under the Transportation Recall Enhancement Accountability and Documentation (TREAD) Act has negatively impacted the sales of SmarTire's products."

"Our business development teams have been aggressively pursuing a number of opportunities with distributors of SmarTire's aftermarket products, with vehicle manufacturers to sell SmarTire products for dealer or port of entry installation programs, and, at the OEM level with Tier One suppliers and automakers to integrate its direct measurement tire monitoring systems with existing vehicle electronics," stated Rudman.

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“It is our understanding that the U.S. Office of Management and Budget (OMB) and the National Highway Traffic Safety Administration (NHTSA) intend to further study new tire monitoring technologies for the reported compromised government legislation. In this regard, SmarTire is well positioned with our future battery less tire monitoring technology that presents an ideal solution for any subsequent tire safety standards.”

Since 1987, SmarTire has pioneered the research and development of tire monitoring technology and advocated that tire monitoring will become the next major breakthrough in vehicle safety following airbags and anti-lock brakes. With the new Transportation Recall Enhancement Accountability and Documentation (TREAD) Act, improved tire safety standards will require tire pressure warning systems on new passenger cars and light trucks produced in the U.S. after 2003.

SmarTire develops and markets technically advanced tire monitoring systems for all sectors of the automotive and transportation industries. Additional information can be found at [www.smartire.com](http://www.smartire.com)

## **Jeff Finkelstein**

Jeff Finkelstein, CA  
Controller

This news release may include statements about expected future events and/or financial results that are forward-looking in nature and subject to risks and uncertainties. Forward-looking statements in this release include, but are not limited to, those statements regarding, the anticipated demand for tire monitoring technology, sales of SmarTire's products and technology to original equipment manufacturers, the size of the market, the ability of the Company to complete additional financing, and, the impact and scope of the new United States legislation. It is important to note that actual outcomes and the Company's actual results could differ materially from those in such forward-looking statements. Factors that could cause actual results to differ materially include general factors such as insufficient investor interest in the Company's securities, the impact of competitive products and pricing and general economic conditions as they affect the Company's customers, and specific risks such as the uncertainty of the requirements demanded and timing specified by U.S. government, reliance on third party manufacturers to product SmarTire products and technology, and, the Company's ability to source product components in timely manner. Readers should also refer to the risk disclosures outlined in the Company's annual report of Form 10-KSB for the last completed fiscal year filed with the SEC.

**SMARTIRE SYSTEMS INC**

## Financial Summary

Expressed in United States dollars

	Three months ended January 31,		Six months ended January 31,	
	2002	2001	2002	2001
Revenue	\$ 192,665	\$ 215,749	\$ 545,294	\$ 395,917
Cost of goods sold	<u>139,750</u>	<u>84,912</u>	<u>387,674</u>	<u>145,229</u>
Gross profit	52,915	130,837	157,620	250,688
Expenses	<u>2,112,410</u>	<u>1,674,611</u>	<u>3,794,609</u>	<u>3,379,922</u>
Loss from operations	2,059,495	1,543,774	3,636,989	3,129,234
Other expenses (income)	39,826	(46,516)	64,804	(275,867)
Net loss	<u>\$ 2,099,321</u>	<u>\$ 1,497,258</u>	<u>\$ 3,701,793</u>	<u>\$ 2,853,367</u>
Basic and diluted loss per share	<u>\$ 0.13</u>	<u>\$ 0.10</u>	<u>\$ 0.23</u>	<u>\$ 0.19</u>

**SMARTIRE SYSTEMS INC**

## Balance Sheet Summary

Expressed in United States dollars

	January 31 2002	July 31 2001
Cash and cash equivalents	\$ 1,219,679	\$ 2,930,257
Total current assets	\$ 3,119,505	\$ 4,682,950
Total assets	\$ 7,974,879	\$ 6,897,839
Current liabilities	\$ 2,794,841	\$ 782,690
Stockholders' equity	\$ 5,180,038	\$ 6,115,149
Total liabilities and Stockholders' equity	\$ 7,974,879	\$ 6,897,839