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**NEWS RELEASE – December 21, 2007**

## **SmarTire Reports Q1 Financial Results**

**Richmond, British Columbia, Canada, December 21, 2007 -- SmarTire Systems Inc. (OTC Bulletin Board: SMTR)**, a provider of active tire pressure and temperature monitoring systems for the global commercial or truck, bus, recreational vehicle, and off highway vehicle markets, announced today that revenue for the first quarter of FY 2008 increased by 8% to \$923,026 as compared to \$851,779 in the first quarter of FY 2007.

SmarTire's net loss for Q1 2008 was \$5.4 million or (\$0.01) per share compared to a net loss of \$5.4 million or (\$0.02) per share in Q1 2007. In Q1 2008, SmarTire's net loss from operations decreased by 50% to \$1.2 million from \$2.4 million in Q1 2007. SmarTire's net other expenses increased by \$1.2 million in Q1 2008 to \$4.2 million, primarily due to:

- An increase in interest and financing charges to \$5.0 million in Q1 2008 from \$1.9M in Q1 2007
- A foreign exchange gain of \$846K in Q1 2008 compared to a foreign exchange loss of \$7K in Q1 2007
- An unrealized gain on derivative instruments of nil in Q1 2008 from \$1.0 million in Q1 2007

Cash used to fund operating and investing activities in Q1 2008 decreased by \$1.5 million to \$0.6 million from \$2.1 million in Q1 2007. The decrease in cash used was primarily due to a decrease in operating expenses in Q1 2008 due to a reduction in the number of SmarTire employees and a reduction in SmarTire's investing activities as SmarTire substantially completed product development of the company's current product offering in fiscal 2007.

"Our continued objective is to make our company profitable. We have taken the necessary steps to reduce costs and keep them under control. However we recognize that to meet our profitability objective we need to remain tightly focused on increasing revenue", said David Warkentin, President and Chief Executive Officer in announcing results. "We are disappointed that revenues have not grown more quickly, but delayed production implementation schedules with a number of OEM customers which are expected to begin in the New Year have impacted revenue growth.

Detailed operating results are available in the Form 10-QSB, filed with the SEC, available online at: <http://www.sec.gov>. The consolidated financial statements and all financial information contained in this release are stated in U.S. dollars and are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

SmarTire has scheduled its quarterly earnings call with shareholders for Friday, January 4, 2008 at 11:00 a.m. EDT. U.S. and Canadian shareholders can call 1-866-682-6100 and ask the operator to connect them to the SmarTire call. International callers may dial 1-201-499-0416.

Those who miss the call may listen to it through an mp3 file that will be posted at [www.smartire.com](http://www.smartire.com).

For more information, visit <http://www.smartire.com> or contact Emily Philips, Walek & Associates at [ephillips@walek.com](mailto:ephillips@walek.com).

### **About SmarTire**

SmarTire develops and markets proprietary advanced wireless sensing and control systems worldwide under the SmartWave™ trademark. The company has invested more than \$100 million in R&D for its patented tire monitoring technology. It developed numerous patent-protected wireless technologies and has advanced tire monitoring solutions since 1987.

SmarTire offers large fleet, commercial, bus and recreational vehicles patent-protected, before- and after-market wireless technologies and advanced tire-monitoring solutions using its proprietary SmartWave platform. The platform provides a foundation for the addition of multiple wireless sensing and control applications. Initial product releases using the SmartWave platform include the SmartWave™ TPMS, which leverages on SmarTire's background and knowledge in tire monitoring solution. SmarTire Systems maintains operations in North America and Europe. For more information about SmarTire Systems Inc., visit <http://www.smartire.com>.

*Except for historical information, this news release contains forward-looking statements that involve substantial risks and uncertainties. When used in this news release, the words "expects," "may," "intends," "plans", anticipates, "likely", "believes" and similar expressions can be used to identify forward-looking statements. Forward-looking statements are based on current facts and analysis and on forecasts of future results, estimates of amounts not yet determined and assumptions of management. Actual results, performance, or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. Forward-looking statements in this press release include the SmarTire's statement that in order to meet its profitability objective it needs to remain tightly focused on increasing revenue and the Company quarterly earnings call will go forward as scheduled. These forward-looking statements are based largely on the expectations of SmarTire and are subject to a number of risks and uncertainties that are beyond SmarTire's control. These include, but are not limited to, risks and uncertainties associated with, SmarTire's ability to obtain additional financing and to continue as a going concern, SmarTire's dependence on key personnel, the effects of competitive pricing, SmarTire's dependence on the ability of third-party manufacturers to produce components on a basis that is cost-effective to SmarTire, market acceptance of SmarTire's products, acceptance of SmarTire's*

*products by prominent customers, SmarTire's ability to keep up with technological advances in the industry, the effect of competitive products and the effects of governmental regulations. SmarTire cautions that the foregoing factors are not exhaustive. For a detailed discussion of these and other risk factors, please refer to SmarTire's filings with the Securities and Exchange Commission, including its annual report on Form 10-KSB and subsequent quarterly reports on Form 10-QSB. SmarTire expressly disclaims any intent or obligation to update any forward-looking statements.*