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**NEWS RELEASE – June 12, 2003**

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**SmarTire Systems Reports Improved Third Quarter Revenues**

*Recent growth in product sales reflects diversified marketing strategy*

**RICHMOND, BRITISH COLUMBIA, CANADA** – June 12, 2003 – SmarTire Systems Inc. (SMTR: OTCBB), a leading developer of tire pressure and temperature monitoring technology, today announced results for the third fiscal quarter ended April 30, 2003. SmarTire reports all results in U.S. dollars.

Gross revenue for the third quarter totaled \$638,323, an increase of \$403,930 or 172% over the same quarter in 2002. Year-to-date revenues for 2003 of \$1,182,674 represent an increase of 52% over 2002 revenues of \$779,687. SmarTire recorded a quarterly net loss of \$1.54 million or loss per share of \$0.06 compared to a net loss of \$1.51 million or loss per share of \$0.09 for the same quarter last year.

“The positive revenue results achieved during the third fiscal quarter reflect SmarTire’s continued success in establishing a distribution network that penetrates global markets at the original equipment manufacturing (OEM) and aftermarket levels with new and existing products,” says Robert Rudman, President and Chief Executive Officer of SmarTire Systems. “One key objective is to successfully market SmarTire’s complete product line through North American, European and Asian customers. Although the tire monitoring industry is still in its early stages, we are beginning to see a significant increase in product awareness and acceptance throughout a number of these target markets.”

Rudman continues, “While the TREAD Act legislation has created major OEM marketing opportunities in the U.S., automakers in Europe and Asia are also beginning to source tire monitoring systems for their new models. SmarTire is aggressively pursuing these OEM opportunities as they represent a critical element of the Company’s marketing plan. However, our sales objectives extend beyond the passenger car OEM level to include a wider range of products and customers. An excellent example of SmarTire’s marketing approach is our tire monitoring system for motorcycles being marketed throughout North America and Europe by leading suppliers to the motorcycle industry. This product is being very well received by both motorcycle manufacturers as an OEM product and by retailers as an aftermarket accessory.”

SmarTire is a pioneer and market leader in the development of direct measurement tire monitoring technology and products for all sectors of the automotive and transportation industries. Incorporated in 1987, SmarTire is a public company with offices in North America and Europe. Additional information can be found at [www.smartire.com](http://www.smartire.com).

**“Jeff Finkelstein”**

Jeff Finkelstein, CA  
Chief Financial Officer

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This news release includes 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 relating to the anticipated demand for our tire monitoring technologies and products, planned or anticipated sales of our products and technology to original equipment manufacturers, and our belief that we have potential for strong revenue growth in 2003. 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, market acceptance of our technologies and products, and specific risks such as the uncertainty of the extent of marketing opportunity that will be created by the TREAD Act (including uncertainties that remain with respect to the timing and certain details of additional rules that are anticipated to be introduced under the TREAD Act), reliance on third party manufacturers to produce SmarTire products and technology, and our ability to source product components in a 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.

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**SMARTIRE SYSTEMS INC**

Financial Summary

Expressed in United States dollars

	Three months ended April 30,		Nine months ended April 30,	
	2003	2002	2003	2002
Revenue	\$ 638,323	\$ 234,393	\$ 1,182,674	\$ 779,687
Cost of sales	<u>443,908</u>	<u>143,435</u>	<u>892,313</u>	<u>531,109</u>
Gross profit	194,415	90,958	290,361	248,578
Expenses	<u>1,503,858</u>	<u>1,596,366</u>	<u>5,052,774</u>	<u>5,390,975</u>
Loss from operations	(1,309,443)	(1,505,408)	(4,762,413)	(5,142,397)
Other expenses	<u>227,286</u>	<u>1,757</u>	<u>974,561</u>	<u>66,561</u>
Net Loss	<u>\$ (1,536,729)</u>	<u>\$ (1,507,165)</u>	<u>\$ (5,736,974)</u>	<u>\$ (5,208,958)</u>
Loss per share	<u>\$ (0.06)</u>	<u>\$ (0.09)</u>	<u>\$ (0.26)</u>	<u>\$ (0.32)</u>

**SMARTIRE SYSTEMS INC.**

Balance Sheet Summary

Expressed in United States dollars

	April 30, 2003	July 31, 2002
Cash and Cash Equivalents	<u>\$ 180,382</u>	<u>\$ 525,968</u>
Total Current Assets	<u>\$ 1,632,507</u>	<u>\$ 2,366,946</u>
Total Assets	<u>\$ 5,591,747</u>	<u>\$ 6,749,601</u>
Current Liabilities	<u>\$ 2,586,110</u>	<u>\$ 2,460,555</u>
Stockholders' Equity	<u>\$ 2,827,844</u>	<u>\$ 4,289,046</u>
Total Liabilities and Stockholders' Equity	<u>\$ 5,591,747</u>	<u>\$ 6,749,601</u>