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SmarTire Systems Reports Year End Results

RICHMOND, BRITISH COLUMBIA, CANADA – October 25, 2002 – SmarTire Systems Inc. (Nasdaq: SMTR), a leading developer of tire pressure and temperature monitoring technology, today reported its financial results for the year ended July 31, 2002. SmarTire reports all results in U.S. dollars.

The Company reported a net loss of \$6.8 million (\$0.41 per share) in fiscal year 2002 compared with a net loss of \$5.5 million (\$0.39 per share) in fiscal year 2001. Gross revenue for 2002 totaled \$1.0 million, up from gross revenue of \$0.8 million for 2001.

“SmarTire’s financial performance during this past fiscal year was definitely impacted by the extended delay of the U.S. National Highway Traffic Safety Administration (NHTSA) rulemaking that requires the installation of tire pressure monitoring systems in all passenger vehicles and light trucks beginning November 1, 2003,” reported Robert Rudman, President and Chief Executive Officer of SmarTire Systems Inc. “In addition, the general downturn in the economy, the severe erosion in the stock market and the events of September 11, 2001 made last year one of the most challenging in SmarTire’s fifteen year history. Our Company has aggressively addressed these challenges by launching new products, by expanding international distribution channels, and by developing relationships with some of the largest players in the automotive industry.”

SmarTire Systems Inc. is a pioneer and market leader in the development of direct measurement tire monitoring technology for all sectors of the automotive and transportation industries. The Company is well-positioned strategically, competitively and technologically to take full advantage of the market opportunity now created by the new U.S. legislation.

Incorporated in 1987, SmarTire is a public company with offices in Canada and the United Kingdom. Additional information can be found at www.smartire.com.

“Jeff Finkelstein”

Jeff Finkelstein, CA
Chief Financial Officer

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 produce 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.
Income Statement Summary
Expressed in United States dollars

	Year ended July 31, 2002	Year ended July 31, 2001
Revenue	\$ 1,012,344	\$ 779,611
Cost of goods sold	<u>699,955</u>	<u>385,897</u>
Gross profit	312,389	393,714
Expenses	<u>7,038,843</u>	<u>6,377,595</u>
Loss from operations	(6,726,454)	(5,983,881)
Other income (expenses)	<u>(102,722)</u>	<u>476,862</u>
Net loss	<u>\$ (6,829,176)</u>	<u>\$ (5,507,019)</u>
Loss per share	<u>\$ (0.41)</u>	<u>\$ (0.39)</u>

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

	July 31, 2002	July 31, 2001
Cash and Cash Equivalents	\$ 525,968	\$ 2,930,257
Total Current Assets	<u>\$ 2,366,946</u>	<u>\$ 4,682,950</u>
Total Assets	<u>\$ 6,749,601</u>	<u>\$ 6,897,839</u>
Current Liabilities	\$ 2,460,555	\$ 782,690
Stockholders' Equity	<u>\$ 4,289,046</u>	<u>\$ 6,115,149</u>
Total Liabilities and Stockholders' Equity	<u>\$ 6,749,601</u>	<u>\$ 6,897,839</u>
