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SmarTire Reports 42% Increase in Quarterly Revenue

Company Reports Accelerating OEM Sales

Richmond, British Columbia, Canada, March 20, 2006 -- SmarTire Systems Inc. (OTC Bulletin Board: SMTR) announced today that revenue for the second quarter of fiscal year 2006 rose 114% to \$839,615 from \$390,909 in the second quarter of fiscal year 2005. The company reported sequential quarterly revenue growth of \$246,749 from \$592,866 in the first quarter of fiscal year 2006.

For the six months ended January 31, 2006, SmarTire reported that sales increased to \$1,432,481 from \$692,078 for the six months ended January 31, 2005. Sales to the original equipment manufacturer (OEM) market for the quarter and the six-month period were \$719,713 and \$1,162,595 respectively, an increase of \$507,699 or 239%, and \$778,097 or 202%, from the respective periods of fiscal year 2005.

Net loss for the quarter totaled \$3.6 million, or \$0.01 per share, compared with a net loss of \$4.1 million, or \$0.02 per share, in the second quarter of fiscal year 2005. The net loss for the six months ended January 31, 2006 was \$21.9 million, or a loss per share of \$0.08, compared to a net loss of \$6.5 million, or loss per share of \$0.03 for the same period last year. The substantial increase in the loss in the six months ended January 31, 2006 was primarily due to non-cash interest and finance charges of \$17.6 million of which approximately \$16.1 million related to expenses incurred in connection with SmarTire's \$100 million equity line of credit. The charge was taken as uncertainty exists as to when SmarTire will register its equity line of credit.

Cash used to fund operating activities for the six months ended January 31, 2006 was \$4.9 million, compared to \$3.7 million during the same period of the prior year. The increase in cash used was mainly due to a \$1 million interest payment on SmarTire's convertible debentures and \$228,000 to settle litigation with a debt holder.

Chief Financial Officer Jeff Finkelstein said, "Our sales are increasing steadily. We are

encouraged by our revenue growth in the second quarter from last quarter and from year over year. This increase in revenue is primarily from OEM sales and we expect this sector to experience continued growth. During the past few months, several major companies including Pierce and Provost have selected our company to supply tire pressure monitoring system (TPMS). We are also making good progress with aftermarket sales as evidenced by Camping World's initial stocking order. In addition, Dana Corporation officially launched our SmartWave™ TPMS product last quarter. Based on these important developments, we are confident that our company will experience ongoing revenue growth during the coming year.”

SmarTire's 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).

About SmarTire Systems Inc.

SmarTire develops and markets proprietary advanced wireless sensing and control systems worldwide under the SmartWave trademark. The company has developed numerous patent-protected wireless technologies and advanced tire monitoring solutions since it was founded in 1987. The company's proprietary SmartWave platform provides a foundation for the addition of multiple wireless sensing and control applications. The initial product release on the SmartWave platform is SmartWave™ TPMS, which leverages on the company's background and knowledge in tire monitoring solutions. SmarTire has offices in North America and Europe.

A comprehensive investment profile regarding SmarTire Systems Inc. may be found at <http://www.hawkassociates.com/smartire/profile.htm>.

An investment profile, a comprehensive online investor relations kit, SEC filings and other useful investor information regarding SmarTire Systems Inc. can be found at <http://www.hawkassociates.com/SmarTire> and <http://www.americanmicrocaps.com>. In addition, this press release is available for investor commentary, questions, near real-time answers and monitored discussion in the SmarTire IR HUB at <http://www.agoracom.com/IR/SmarTire>. Alternatively, investors may contact Ken AuYeung or Frank Hawkins of Hawk Associates at (305) 451-1888, e-mail: info@hawkassociates.com, or e-mail questions to SMTR@agoracom.com.

SMARTIRE SYSTEMS INC.
Income Statement Summary
Expressed in United States dollars

	Three months ended January 31,		Six months ended January 31,	
	2006	2005	2006	2005
Revenue	\$ 839,615	\$ 390,909	\$ 1,432,481	\$ 692,078
Cost of goods sold	638,847	489,819	1,062,535	710,255
Gross profit	200,768	(98,910)	369,946	(18,177)
Expenses	1,945,680	2,087,585	2,540,704	4,025,325
Loss from operations	(1,744,912)	(2,186,495)	(2,170,758)	(4,043,502)
Other (expenses)	(1,895,360)	(1,917,445)	(19,681,037)	(2,444,338)
Loss for the period	\$ (3,640,272)	\$ (4,103,940)	\$ (21,851,795)	\$ (6,487,840)
Loss per share	\$ (0.01)	\$ (0.02)	\$ (0.08)	\$ (0.03)

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

	January 31, 2006	July 31, 2005
Cash and cash equivalents	\$ 2,278,619	\$10,059,763
Short-term investments	\$ 3,299,084	\$ -
Total current assets	\$ 9,271,319	\$13,292,487
Deferred financing costs	\$ 1,906,864	\$18,209,280
Total assets	\$12,474,276	\$33,284,543
Current liabilities	\$ 1,166,086	\$ 5,781,918
Convertible debentures, net of equity portion of \$8,787,252 (long-term portion) (July 31, 2005 - \$10,111,082)	\$19,693,610	\$17,118,667
Accrued interest on convertible debentures	\$ 756,164	\$ -
Preferred shares, net of equity portion of \$3,997,220 (July 31, 2005 - \$3,999,999)	\$ 2,780	\$ 1
Stockholders' equity (deficiency)	\$(9,144,364)	\$10,383,957
Total liabilities and Stockholders' equity (deficiency)	\$ 12,474,276	\$33,284,543

Except for historical information contained herein, the matters discussed in this news release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, that involve substantial risks and uncertainties. When used in this news release, the words “expects,” “may,” “will” and similar expressions identify certain of such forward-looking statements. Actual results, performance or achievements could differ materially from those contemplated, expressed or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of SmarTire and are subject to a number of risks and uncertainties that are subject to change based on factors, which are, in many instances, beyond SmarTire’s control. These include, but are not limited to risk that SmarTire does not realize ongoing revenue growth in the coming year, risks and uncertainties associated with 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, 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.