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FINRA, SIPC**

www.smithmoore.com

Established 1913

**Smith, Moore & Co.
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SM Research & Perspective:

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Smith, Moore & Co.

Providing financial advice since 1913.

Member FINRA / SIPC

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Smith, Moore & Co.
Statement Of Financial Condition (Unaudited)
December 31, 2007

To Our Customers and Friends:

We are pleased to present the unaudited statement of our financial condition, as required by the rules of the Securities and Exchange Commission.

We are proud to show a strong balance sheet which reflects our long time policy of conservative business conduct. Net capital, as computed according to the requirements of the Securities and Exchange Commission, was \$2,446,658. This is well above our required minimum net capital of \$561,369. The ratio of aggregate indebtedness to net capital was approximately 344%. This compares with a maximum indebtedness allowable by the Securities and Exchange Commission of 1500%.

Our resources are used in providing our customers with professional investment services as well as in the selection of particular securities including:

Services

- Free Money Market Accounts with Check Writing
- Retirement Planning
- Education Planning
- Fee-Based Accounts
- Asset Allocation & Portfolio Review

Products

- Stocks & Mutual Funds
- Corporate & Municipal Bonds
- Government Bonds & US Treasuries
- Traditional & Roth IRAs
- Qualified Retirement Plans
- Section 529 Education Plans
- Options
- Insurance & Annuities
- Professional Money Managers

2007 was a tumultuous year for U.S. equity markets. Investors in the S&P 500 were treated to a roller coaster ride and a roughly 5% return for the year. The 4th quarter of 2007 was decidedly negative for the U.S. stock markets and may foretell continued volatility in 2008. Concerns about increased default risk and market liquidity caused many bond investors to turn cautious in 2007. While the Federal Reserve has lowered interest rates and taken unprecedented steps to provide stability to the financial markets, policy action regarding inflation and the decline of the U.S. Dollar has taken a secondary role for now. As a result, commodity and precious metals advanced in 2007, with the price of gold up over 30% for the year.

The uncertainty surrounding the financial markets once again reinforces the need for investors to maintain a balanced, diversified investment portfolio to reduce overall risk.

Smith, Moore & Co. continues to invest in technology for the benefit of its customers and employees. Please visit the firm's upgraded website at www.smithmoore.com. Smith, Moore & Co. has recently opened branches in Chesterfield, MO and Columbia, MO and is planning to open a branch office in Springfield, MO in 2008. The Firm also ran its first TV commercial in 2007, as part of an overall marketing campaign to increase its visibility.

The management of Smith, Moore & Co. appreciates your trust and continued business. Customer service is our highest priority.

The Board of Directors

| Assets | |
|--|----------------------|
| Cash | \$ 1,265,719 |
| Cash & securities segregated under federal and other regulations | 107,986 |
| Receivable from broker-dealers and clearing organizations | 466,627 |
| Receivable from customers | 8,083,527 |
| Receivable from officers | 45,204 |
| Securities owned, at market value: | |
| Corporate Obligations | 140 |
| State and Municipal Govt | 333,667 |
| Stock | 365,622 |
| | 699,429 |
| Securities owned, not readily marketable, at cost | 48,321 |
| Other assets | 688,064 |
| Total assets | \$ 11,404,877 |
| Liabilities and Stockholders' Equity | |
| Notes payable, bank | \$ 0 |
| Payable to broker-dealers clearing organizations | 293,757 |
| Payable to customers | 6,943,963 |
| Payable to officers | 527,190 |
| Accounts payable, accrued liabilities and expenses | 655,626 |
| Securities sold not yet purchased at market value | 65,126 |
| Total liabilities | 8,485,662 |
| Stockholders' Equity: | |
| Common stock - par value \$1 per share; authorized 100,000 shares, issued 20,700 shares of which 8,275 shares are held as treasury stock | 20,700 |
| Additional paid in capital | 1,275,746 |
| Retained earnings | 2,796,146 |
| | 4,092,592 |
| Less: Treasury stock, at cost | (1,173,377) |
| Total stockholders' equity | 2,919,215 |
| Total liabilities & stockholders' equity | \$ 11,404,877 |