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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, 2008

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 \$2,383,069. This is well above our required minimum net capital of \$500,663. The ratio of aggregate indebtedness to net capital was approximately 315.14%. 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

For investors, 2008 was one of the most difficult years on record. The Dow Jones Industrial Average lost nearly 34% in 2008, its worst year since 1931 and its third worst-year ever. Only two stocks of the 30 in the Dow showed gains in 2008: Wal-Mart, up 18%, and McDonald's up 5.6%. The remaining Dow Stocks all lost a least 10%. The biggest decline: General Motors down 87.1%. Remarkably, several broader averages fared even worse. The S&P 500 fell over 38%, and the Nasdaq Composite Index recorded a worst-ever loss over 40%.

2008 was also a turbulent year for bond and commodity investors. While interest rates remained low, bond investors became more concerned about the risk of default, prompting a flight to the safety of U.S. Treasury securities. The price of Crude Oil hit \$147 a barrel in July and the national average price for a gallon of gasoline topped out at \$4.11. Then both crashed, taking energy stocks down with them. But 2008 will likely be remembered for the severe problems that befell major banks, brokerage firms and insurance companies which had investors deeply worried about the health of the global financial system. While there are cautious hopes for a rebound in 2009, many concerns remain.

The uncertainty in the financial markets is compelling evidence that maintaining a diversified investment portfolio is imperative to investors who want to reduce their overall risk. Smith, Moore & Co. continues to recommend a balanced approach to investing and urges investors to periodically review their investment objectives and their risk tolerance.

By adhering to its conservative business practices, Smith, Moore & Co. continues to move forward despite the current financial turmoil. In addition to its headquarters in Clayton, MO the firm now has six Missouri branch offices in the following cities: Chesterfield, Jefferson City, Columbia, Springfield, Boonville and Kirksville. Please visit the firm's website at www.smithmoore.com for more information.

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

The Board of Directors

Assets	
Cash	\$ 1,477,269
Cash & securities segregated under federal and other regulations	701,003
Receivable from broker-dealers and clearing organizations	280,352
Receivable from customers	5,896,613
Receivable from officers	14,535
Securities owned, at market value:	
Corporate Obligations	122
State and Municipal Govt	479,820
Stock	261,575
	741,517
Securities owned, not readily marketable, at cost	33,713
Other assets	1,433,663
Total assets	\$ 10,578,665
Liabilities and Stockholders' Equity	
Notes payable, bank	\$ 0
Payable to broker-dealers clearing organizations	690,487
Payable to customers	5,502,553
Payable to officers	430,497
Accounts payable, accrued liabilities and expenses	886,408
Securities sold not yet purchased at market value	0
Total liabilities	7,509,945
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	1,345,071
Retained earnings	2,945,651
	4,311,422
Less: Treasury stock, at cost	(1,242,702)
Total stockholders' equity	3,068,720
Total liabilities & stockholders' equity	\$ 10,578,665