GALILEO

Galileo Funds
Semi-Annual Report 2008

Galileo Absolute Return Fund
Galileo Canadian Active/Passive Fund
Galileo Fund
Galileo Global Active/Passive Fund
Galileo High Income Plus Fund
Galileo Money Market Fund
Galileo Small/Mid Cap Fund

Galileo Absolute Return Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	**$**	**2,628,010**	$	3,143,354
Cash including foreign currency holdings, at fair value		**761,487**		61,082
Accrued interest and dividends receivable		**5,522**		9,824
		3,395,019		3,214,260
Liabilities				
Accrued expenses		**6,057**		7,959
Distributions payable to unitholders		**214,989**		100,687
		221,046		108,646
Net Assets representing unitholders' equity	**$**	**3,173,973**	$	3,105,614
Total Net Assets per Class				
Class A	**$**	**106,307**	$	38,986
Class F	**$**	**3,067,666**	$	3,066,628
Net Asset Value per Unit (note 3)				
Class A	**$**	**14.76**	$	14.81
Class F	**$**	**14.46**	$	14.42

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hanley
Galileo Funds Inc.

Galileo Absolute Return Fund
STATEMENTS OF OPERATIONS (unaudited)

For the six month period ended June 30th

		2008		2007
Income				
Interest	$	**20,097**	$	41,044
Dividends		**6,854**		10,067
Loss on derivatives		**(515)**		-
		26,436		51,111
Expenses (note 4)				
Management fees		**20,097**		18,553
Custodial fees		**17,892**		17,888
Audit fees		**2,100**		1,935
Legal and regulatory fees		**3,263**		-
		43,352		38,376
Expenses waived/absorbed by the Manager		**22,584**		10,141
		20,768		28,235
Net Investment Income		**5,668**		22,876
Realized and Unrealized Gain (Loss) on Investments				
Net realized gain on sale of investments		**107,746**		123,435
Net realized loss on foreign currency		**(1,247)**		(3,810)
Transaction costs (note 5)		**(4,325)**		(14,058)
Change in unrealized appreciation/depreciation of investments		**(101,050)**		311,091
Net Gain on Investments		**1,124**		416,658
Increase in Net Assets from Operations	$	**6,792**	$	439,534
Increase (Decrease) in Net Assets from Operations per Class				
Class A	$	**(2,628)**	$	1,072
Class F	$	**9,420**	$	438,462
Increase (Decrease) in Net Assets from Operations per Unit				
Class A	$	**(0.69)**	$	1.67
Class F	$	**0.04**	$	1.80

See accompanying notes

Galileo Absolute Return Fund

STATEMENTS OF CHANGES IN NET ASSETS (unaudited)

For the six month period ended June 30th

		2008		2007
CLASS A				
Net Assets, Beginning of Period	$	**38,986**	$	18
Adjustment for New Accounting Standards		**-**		-
Adjusted Net Assets, Beginning of Period		**38,986**		18
Increase (Decrease) in Net Assets from Operations		**(2,628)**		1,072
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**77,179**		20,700
Amount paid on redemptions of units		**(7,230)**		(2,112)
		69,949		18,588
Increase in Net Assets for the Period		**67,321**		19,660
Net Assets at End of Period	$	**106,307**	$	19,678
CLASS F				
Net Assets, Beginning of Period	$	**3,066,628**	$	3,791,819
Adjustment for New Accounting Standards		**-**		(8,586)
Adjusted Net Assets, Beginning of Period		**3,066,628**		3,783,233
Increase in Net Assets from Operations		**9,420**		438,462
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**12,000**		126,337
Amount paid on redemptions of units		**(20,382)**		(176,125)
		(8,382)		(49,788)
Increase in Net Assets for the Period		**1,038**		388,674
Net Assets at End of Period	$	**3,067,666**	$	4,171,907

See accompanying notes

Galileo Absolute Return Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES			
	Energy - 14.47%		
8,600	Anderson Energy Ltd.	31,820	46,182
6,400	Highpine Oil & Gas Ltd.	67,141	85,504
59,800	NaiKun Wind Energy Group Inc.	92,237	112,424
4,800	Talisman Energy Inc.	101,461	108,000
7,500	Trinidad Drilling Ltd.	74,552	107,175
		367,211	459,285
	Financials - 2.92%		
2,800	Power Financial Corporation	87,386	92,764
	Industrials - 20.88%		
5,100	Aecon Group Inc.	90,315	82,212
5,500	BFI Canada Income Fund	156,290	127,380
8,400	CAE Inc.	88,378	96,684
2,300	Finning International Inc.	60,328	58,627
1,900	ShawCor Ltd., Class 'A'	34,947	68,400
4,800	Sierra Wireless Inc.	95,507	71,616
1,700	SNC-Lavalin Group Inc.	65,836	94,860
4,500	Viterra Inc.	61,380	62,910
		652,981	662,689
	Information Technology - 4.81%		
18,500	Allen-Vanguard Corp.	108,293	45,510
900	Research In Motion Ltd.	103,496	107,280
		211,789	152,790
	Materials - 15.82%		
1,400	Agrium Inc.	65,291	153,411
1,400	Cameco Corp.	64,736	61,194
2,400	Goldcorp Inc.	109,412	112,800
1,300	Teck Cominco Ltd., Class 'B'	48,751	63,622
6,600	Yamana Gold Inc.	105,577	111,078
		393,767	502,105
	Utilities - 2.37%		
7,500	Inter Pipeline Fund	77,802	75,225
Total Canadian equities - 61.27%		1,790,936	1,944,858

See accompanying notes

Galileo Absolute Return Fund

STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)

As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES			
	Energy - 2.90%		
3,400	Covanta Holding Corp., 0.000%,	95,307	92,066
	Health Care - 3.70%		
900	Celgene Corp.	56,212	58,274
1,100	Gilead Sciences Inc.	57,420	59,048
		113,632	117,322
	Utilities - 2.51%		
1,600	Gamesa Corp Tecnologica SA Eur	64,398	79,745
	Other - 1.67%		
3,700	iShares MSCI Taiwan Index Fund	65,872	52,967
Total Foreign equities - 10.78%		339,209	342,100
SHORT-TERM INVESTMENTS			
34,105	Galileo Money Market Fund*	341,052	341,052
Total short term notes - 10.75%		341,052	341,052
Transaction costs		(3,942)	
Total investments - 82.80%		2,467,255	2,628,010
Other assets, net of liabilities - 17.20%			545,963
Total net assets - 100.00%			3,173,973

* Refer to Galileo Money Market's Statement of Investment Portfolio as at June 30, 2008 for its asset composition.

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	$	**718,762**	$	631,264
Cash		**26,962**		64,206
Accrued interest and dividends receivable		**1,512**		697
Receivable for portfolio securities sold		**-**		9,190
Receivable for units issued		**400**		400
		747,636		705,757
Liabilities				
Payable for portfolio securities purchased		**9,789**		9,418
Accrued expenses		**1,905**		1,792
		11,694		11,210
Net Assets representing unitholders' equity	**$**	**735,942**	$	694,547
Total Net Assets per Class				
Class A	**$**	**520,023**	$	403,494
Class F	**$**	**215,919**	$	291,053
Net Asset Value per Unit (note 3)				
Class A	**$**	**13.62**	$	13.62
Class F	**$**	**13.68**	$	13.61

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hanley
Galileo Funds Inc.

Galileo Canadian Active/Passive Fund
STATEMENTS OF OPERATIONS (unaudited)

For the six month period ended June 30th

		2008		2007
Income				
Interest	$	**771**	$	663
Dividends		**4,768**		1,136
Loss on derivatives		**141**		-
		5,680		1,799
Expenses (note 4)				
Management fees		**5,464**		1,513
Custodial fees		**22,634**		15,421
Audit fees		**2,100**		191
Legal and regulatory fees		**3,263**		-
		33,461		17,125
Expenses waived/absorbed by the Manager		**26,237**		14,831
		7,224		2,294
Net Investment Income (Loss)		**(1,544)**		(495)
Realized and Unrealized Gain (Loss) on Investments				
Net realized gain on sale of investments		**12,023**		15,035
Net realized loss on foreign currency		**(985)**		-
Transaction costs (note 5)		**(7,516)**		(2,634)
Change in unrealized appreciation/depreciation of investments		**(1,273)**		16,681
Net Gain on Investments		**2,249**		29,082
Increase in Net Assets from Operations	$	**705**	$	28,587
Increase in Net Assets from Operations per Class				
Class A	$	**477**	$	9,387
Class F	$	**228**	$	19,200
Increase in Net Assets from Operations per Unit				
Class A	$	**0.01**	$	1.07
Class F	$	**0.01**	$	1.48

See accompanying notes

Galileo Canadian Active/Passive Fund

STATEMENTS OF CHANGES IN NET ASSETS (unaudited)

For the six month period ended June 30th

		2008		2007
CLASS A				
Net Assets, Beginning of Period	$	**403,494**	$	12
Adjustment for New Accounting Standards		**-**		-
Adjusted Net Assets, Beginning of Period		**403,494**		12
Increase in Net Assets from Operations		**477**		9,387
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**120,960**		269,441
Amount paid on redemptions of units		**(4,908)**		-
		116,052		269,441
Increase in Net Assets for the Period		**116,529**		278,828
Net Assets at End of Period	$	**520,023**	$	278,840
CLASS F				
Net Assets, Beginning of Period	$	**291,053**	$	154,728
Adjustment for New Accounting Standards		**-**		(935)
Adjusted Net Assets, Beginning of Period		**291,053**		153,793
Increase in Net Assets from Operations		**228**		19,200
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**3,596**		27,000
Amount paid on redemptions of units		**(78,958)**		-
		(75,362)		27,000
Increase in Net Assets for the Period		**(75,134)**		46,200
Net Assets at End of Period	$	**215,919**	$	199,993

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES			
	Consumer Discretionary - 5.04%		
125	Canadian Tire Corp. Ltd., Class 'A'	9,052	6,610
114	Magna International Inc., Class 'A'	9,534	6,827
440	Shaw Communications Inc.	9,009	9,139
230	Thomson Reuters Corp.	9,262	7,535
238	Tim Hortons Inc.	8,205	6,942
		45,062	37,053
	Consumer Staples - 2.35%		
286	Loblaw Cos. Ltd.	10,322	8,697
154	Shoppers Drug Mart Corp.	7,856	8,606
		18,178	17,303
	Energy - 28.17%		
109	Canadian Natural Resources Ltd.	7,797	10,977
5,500	CGX Energy Inc.	15,039	11,550
10,000	EarthFirst Canada Inc., Warrants, 12/11/09, $2.60	2,694	1,500
104	EnCana Corp.	7,165	9,646
1,500	Fairborne Energy Ltd.	13,583	19,590
4,800	Gastem Inc.	12,318	11,424
188	Husky Energy Inc.	8,212	9,112
148	Imperial Oil Ltd.	7,752	8,260
6,000	NaiKun Wind Energy Group Inc.	13,261	11,280
254	Nexen Inc.	8,111	10,274
2,500	Open Range Energy Corp.	15,812	19,900
171	Petro-Canada	8,798	9,704
6,000	Questerre Energy Corp. Class 'A'	29,050	21,360
3,500	Rochester Energy, Warrants, 7/28/09, $1.00	0	260
2,000	Solana Resources Ltd.	8,464	11,300
152	Suncor Energy Inc.	7,401	8,982
469	Talisman Energy Inc.	9,248	10,552
600	Tristar Oil and Gas Ltd.	12,322	12,366
199	TransCanada Corp.	7,914	7,853
250	Western Canadian Coal Corp., Warrants, 6/28/12, $3.25	1,069	1,395
		196,010	207,285
	Financials - 12.05%		
189	Bank of Montreal	10,009	7,947
178	Bank of Nova Scotia	8,856	8,307

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES (cont'd)			
	Financials (cont'd)		
284	Brookfield Asset Management Inc., Class 'A'	10,124	9,381
129	Canadian Imperial Bank of Commerce	10,122	7,214
272	Great-West Lifeco Inc.	8,935	7,926
195	IGM Financial Inc.	9,445	8,233
222	Manulife Financial Corp.	8,538	7,861
165	National Bank of Canada	9,399	8,326
174	Royal Bank of Canada	9,186	7,914
179	Sun Life Financial Inc.	8,628	7,473
127	Toronto-Dominion Bank (The)	8,697	8,076
		101,939	88,658
	Industrials - 8.40%		
1,506	Bombardier Inc., Class 'B'	7,450	11,039
160	Canadian National Railway Co.	8,832	7,835
118	Canadian Pacific Railway Ltd.	8,665	7,954
288	Finning International Inc.	8,594	7,341
182	SNC-Lavalin Group Inc.	7,270	10,156
7,000	Zongshen Pem Power Systems Inc.	21,901	17,500
		62,712	61,825
	Information Technology - 1.46%		
90	Research In Motion Ltd.	5,286	10,728
	Materials - 31.46%		
115	Agnico-Eagle Mines Ltd.	4,243	8,731
126	Agrium Inc.	5,277	13,807
3,000	Aquiline Resources Inc.	24,958	23,130
169	Barrick Gold Corp.	5,288	7,852
221	Cameco Corp.	9,844	9,660
216	Goldcorp Inc.	5,281	10,152
95	First Quantum Minerals Ltd.	7,324	6,679
335	Kinross Gold Corp.	4,667	8,067
2,000	Neo Material Technologies Inc.	8,797	8,760
3,000	New Gold Inc.	22,724	23,310
58	Potash Corp. of Saskatchewan Inc.	4,182	13,540
20,000	Sprott Molybdenum Participation Corp., Warrants, 04/16/09, $7.50	14,952	1,500
480	Sherritt International Corp.	8,004	7,363

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES (cont'd)			
	Materials (cont'd)		
198	Teck Cominco Ltd., Class 'B'	8,330	9,690
1,500	Thompson Creek Metals Co. Inc.	32,404	29,730
1,000	TimberWest Forest Corp.	14,022	13,750
7,000	Waratah Coal Inc.	19,121	28,140
457	Yamana Gold Inc.	6,829	7,691
		206,247	231,552
	Telecommunication Services - 2.22%		
210	Rogers Communications Inc., Class 'B'	8,656	8,285
189	Telus Corp.	9,877	8,068
		18,533	16,353
	Utilities - 4.38%		
208	BCE Inc.	8,189	7,394
191	Enbridge Inc.	7,404	8,410
285	Fortis Inc.	8,023	7,738
236	TransAlta Corp.	7,010	8,692
		30,626	32,234
Total Canadian equities - 95.53%		684,593	702,991
FOREIGN EQUITIES			
	Energy - 2.14%		
6,000	Straits Asia Resources Ltd.	15,166	15,771
Total Foreign equities - 2.14%		15,166	15,771
Transaction costs		(3,680)	
Total investments - 97.67%		696,079	718,762
Other assets, net of liabilities - 2.33%			17,180
Total net assets - 100.00%			735,942

See accompanying notes

Galileo Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	$	**3,791,800**	$	4,273,636
Cash including foreign currency holdings, at fair value		**703,795**		374,052
Accrued interest and dividends receivable		**5,754**		1,388
Receivable for portfolio securities sold		**4,900**		121,166
		4,506,249		4,770,242
Liabilities				
Payable for portfolio securities purchased		**51,002**		148,676
Accrued expenses		**10,998**		13,717
Payable for units redeemed		**2,938**		106,616
Distributions payable to unitholders		**-**		237
Unrealized loss on derivatives		**-**		1,073
		64,938		270,319
Net Assets representing unitholders' equity	$	**4,441,311**	$	4,499,923
Total Net Assets per Class				
Class A	$	**2,849,651**	$	2,865,265
Class F	$	**1,591,660**	$	1,634,658
Net Asset Value per Unit (note 3)				
Class A	$	**13.32**	$	12.86
Class F	$	**14.26**	$	13.70

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hanley
Galileo Funds Inc.

Galileo Fund
STATEMENTS OF OPERATIONS (unaudited)
For the six month period ended June 30th

		2008		2007
Income				
Interest	$	(3,566)	$	13,049
Dividends		9,231		2,162
Loss on derivatives		(8,158)		-
		(2,493)		15,211
Expenses (note 4)				
Management fees		33,248		20,392
Custodial fees		30,482		21,630
Audit fees		2,100		1,516
Legal and regulatory fees		3,263		-
		69,093		43,538
Expenses waived/absorbed by the Manager		25,576		15,566
		43,517		27,972
Net Investment Loss		(46,010)		(12,761)
Realized and Unrealized Gain (Loss) on Investments				
Net realized gain on sale of investments		327,550		549,366
Net realized loss on foreign currency		(10,490)		(13,350)
Transaction costs (note 5)		(68,990)		(75,184)
Change in unrealized appreciation/depreciation of investments		(53,797)		369,714
Net Gain on Investments		194,273		830,546
Increase in Net Assets from Operations	$	148,263	$	817,785
Increase in Net Assets from Operations per Class				
Class A	$	84,870	$	214,774
Class F	$	63,393	$	603,011
Increase in Net Assets from Operations per Unit				
Class A	$	0.40	$	2.58
Class F	$	0.54	$	4.08

See accompanying notes

Galileo Fund
STATEMENTS OF CHANGES IN NET ASSETS (unaudited)
For the six month period ended June 30th

		2008		2007
CLASS A				
Net Asset Value, Beginning of Period	$	**2,865,265**	$	13
Adjustment for New Accounting Standards		**-**		-
Net Assets, Beginning of Period		**2,865,265**		13
Increase in Net Assets from Operations		**84,870**		214,774
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**543,675**		2,957,633
Amount paid on redemptions of units		**(644,159)**		(596,061)
		(100,484)		2,361,572
Increase (Decrease) in Net Assets for the Period		**(15,614)**		2,576,346
Net Assets at End of Period	$	**2,849,651**	$	2,576,359
CLASS F				
Net Asset Value, Beginning of Period	$	**1,634,658**	$	1,921,419
Adjustment for New Accounting Standards		**-**		(14,841)
Net Assets, Beginning of Period		**1,634,658**		1,906,578
Increase in Net Assets from Operations		**63,393**		603,011
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**4,685**		303,303
Amount paid on redemptions of units		**(111,076)**		(1,239,153)
		(106,391)		(935,850)
Decrease in Net Assets for the Period		**(42,998)**		(332,839)
Net Assets at End of Period	$	**1,591,660**	$	1,573,739

See accompanying notes

Galileo Fund

STATEMENT OF INVESTMENT PORTFOLIO (unaudited)

As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES			
	Energy - 37.85%		
31,500	Altai Resources Inc.	105,780	85,680
4,000	Angle Energy Inc.	32,000	34,040
52,000	CGX Energy Inc.	136,257	109,200
75,000	EarthFirst Canada Inc., Warrants, 12/11/09, $2.60	17,258	11,250
15,900	Fairborne Energy Ltd.	141,544	207,654
55,200	Gastem Inc.	153,151	131,376
11,000	Gran Tierra Energy Inc.	36,507	89,760
50,000	NaiKun Wind Energy Group Inc.	95,907	94,000
60,000	Nemi Northern Energy & Mining Inc.	92,220	96,000
25,000	Open Range Energy Corp.	150,996	199,000
12,001	Pacific Rubiales Energy Ltd.	135,300	160,933
55,000	PetroWorth Resources Inc.	84,800	85,250
50,000	Questerre Energy Corp.	156,726	178,000
100,000	Rochester Energy, Warrants, 7/28/09, $1.00	-	7,438
28,700	Solana Resources Ltd.	106,477	162,155
5,250	Western Canadian Coal Corp., Warrants, 6/28/12, $3.25	8,648	29,295
		1,453,571	1,681,031
	Industrials - 5.07%		
90,000	Zongshen Pem Power Systems Inc.	284,843	225,000
	Materials - 29.84%		
24,600	Aquiline Resources Inc.	228,725	189,667
20,000	Neo Material Technologies Inc.	88,205	87,600
65,000	Nevsun Resources Ltd.	127,439	137,150
25,000	New Gold Inc.	201,364	194,250
116,000	Sparton Resources Inc.	44,322	16,240
8,000	Thompson Creek Metals Inc.	175,606	158,560
16,000	TimberWest Forest Corp.	224,357	220,000
80,000	Waratah Coal Inc.	219,479	321,600
		1,309,497	1,325,067
	Utilities - 2.67%		
40,000	US Geothermal Inc.	128,543	118,800
Total Canadian equities - 75.43%		3,176,454	3,349,898

See accompanying notes

Galileo Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES			
	Industrials - 6.68%		
55,000	Solar Integrated Technologies Inc.	111,199	118,824
4,500	ZhongDe Waste Technology AG	199,686	178,030
		310,885	296,854
	Materials - 3.26%		
55,000	Straits Asia Resources Ltd.	129,177	144,568
Total Foreign equities - 9.94%		440,062	441,422
MUTUAL FUNDS			
48	Galileo Money Market Fund*	480	480
Total mutual funds - 0.01%		480	480
Total investments		3,616,996	3,791,800
Transaction costs		(25,682)	
Total investments - 85.38%		3,591,314	3,791,800
Other assets, net of liabilities - 14.62%			649,511
Total net assets - 100.00%			4,441,311

* Refer to Galileo Money Market's Statement of Investment Portfolio as at June 30, 2008 for its asset composition.
See accompanying notes

Galileo Global Active/Passive Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	$	**2,317,100**	$	2,413,148
Cash including foreign currency holdings, at fair value		**508,327**		345,543
Accrued interest and dividends receivable		**4,032**		2,341
Receivable for portfolio securities sold		**-**		51,263
		2,829,459		2,812,295
Liabilities				
Payable for portfolio securities purchased		**30,808**		28,309
Unrealized loss on derivatives		**-**		475
Accrued expenses		**6,819**		7,677
		37,627		36,461
Net Assets representing unitholders' equity	$	**2,791,832**	$	2,775,834
Total Net Assets per Class				
Class A	$	**1,547,352**	$	1,379,820
Class F	$	**1,244,480**	$	1,396,014
Net Asset Value per Unit (note 3)				
Class A	$	**10.86**	$	11.92
Class F	$	**11.07**	$	12.09

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hanley
Galileo Funds Inc.

Galileo Global Active/Passive Fund
STATEMENTS OF OPERATIONS (unaudited)
For the six month period ended June 30th

		2008		2007
Income				
Interest	**$**	**427**	$	6,742
Dividends		**37,236**		8,589
Loss on derivatives		**(4,544)**		(62,390)
		33,119		(47,059)
Expenses (note 4)				
Management fees		**19,924**		11,825
Custodial fees		**28,987**		27,384
Audit fees		**2,100**		860
Legal and regulatory fees		**3,263**		-
		54,274		40,069
Expenses waived/absorbed by the Manager		**27,890**		24,233
		26,384		15,836
Net Investment Income (Loss)		**6,735**		(62,895)
Realized and Unrealized Gain (Loss) on Investments				
Net realized gain (loss) on sale of investments		**(89,288)**		69,699
Net realized loss on foreign currency		**(7,648)**		-
Transaction costs (note 5)		**(16,181)**		(13,962)
Change in unrealized appreciation/depreciation of investments		**(150,740)**		(4,656)
Net Gain (Loss) on Investments		**(263,857)**		51,081
Decrease in Net Assets from Operations	**$**	**(257,122)**	$	(11,814)
Decrease in Net Assets from Operations per Class				
Class A	**$**	**(140,212)**	$	(5,005)
Class F	**$**	**(116,910)**	$	(6,809)
Decrease in Net Assets from Operations per Unit				
Class A	**$**	**(1.19)**	$	(0.08)
Class F	**$**	**(1.03)**	$	(0.12)

See accompanying notes

Galileo Global Active/Passive Fund
STATEMENTS OF CHANGES IN NET ASSETS (unaudited)
For the six month period ended June 30th

		2008		2007
CLASS A				
Net Assets, Beginning of Period	$	**1,379,820**	$	153,262
Adjustment for New Accounting Standards		-		(102)
Adjusted Net Assets, Beginning of Period		**1,379,820**		153,160
Decrease in Net Assets from Operations		**(140,212)**		(5,005)
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**417,266**		1,200,042
Amount paid on redemptions of units		**(109,522)**		(4,786)
		307,744		1,195,256
Increase in Net Assets for the Period		**167,532**		1,190,251
Net Assets at End of Period	$	**1,547,352**	$	1,343,411
CLASS F				
Net Assets, Beginning of Period	$	**1,396,014**	$	364,498
Adjustment for New Accounting Standards		-		(242)
Adjusted Net Assets, Beginning of Period		**1,396,014**		364,256
Decrease in Net Assets from Operations		**(116,910)**		(6,809)
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		-		1,294,152
Amount paid on redemptions of units		**(34,624)**		(164,838)
		(34,624)		1,129,314
Increase (Decrease) in Net Assets for the Period		**(151,534)**		1,122,505
Net Assets at End of Period	$	**1,244,480**	$	1,486,761

See accompanying notes

Galileo Global Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES			
	Materials - 9.80%		
6,000	Aquiline Resources Inc.	**48,411**	**46,260**
10,000	New Gold Inc.	**71,508**	**77,700**
3,500	Thompson Creek Metals Co. Inc.	**79,618**	**69,370**
20,000	Waratah Coal Inc.	**59,931**	**80,400**
		259,468	**273,730**
	Energy - 13.98%		
11,500	Altai Resources Inc.	**36,896**	**31,280**
26,000	CGX Energy Inc.	**70,444**	**54,600**
6,000	Fairborne Energy Ltd.	**63,153**	**78,359**
9,000	Gastem Inc.	**28,466**	**21,420**
8,000	Gran Tierra Energy Inc.	**26,790**	**65,280**
15,000	Questerre Energy Corp.	**68,008**	**53,400**
7,900	Solana Resources Ltd.	**36,212**	**44,635**
2,000	Tristar Oil & Gas Ltd.	**41,284**	**41,220**
		371,253	**390,194**
	Industrials - 2.24%		
25,000	Zongshen Pem Power Systems Inc.	**80,356**	**62,500**
Total Canadian equities - 26.02%		**711,077**	**726,424**
FOREIGN EQUITIES			
	Materials - 7.03%		
460	Anglo American PLC, ADR	**15,455**	**16,375**
211	Bayer AG, ADR	**16,321**	**17,990**
287	BHP Billiton Ltd., ADR	**16,388**	**24,422**
54	Rio Tinto PLC, ADR	**16,228**	**26,207**
23,000	Straits Asia Resources Ltd.	**55,290**	**60,456**
12,000	Whitehaven Coal Ltd.	**42,979**	**50,823**
		162,661	**196,273**
	Energy - 5.03%		
218	BP PLC, ADR	**16,353**	**15,208**
186	Chevron Corp.	**16,311**	**18,686**
206	ConocoPhillips	**16,318**	**19,683**
215	Eni SPA, ADR	**16,347**	**15,705**

See accompanying notes

Galileo Global Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES (cont'd)			
	Energy (cont'd)		
183	Exxon Mobil Corp.	16,376	16,309
204	Royal Dutch Shell PLC, ADR, Class 'A'	16,364	16,911
194	Schlumberger Ltd.	16,382	21,127
197	TOTAL SA, ADR	16,381	16,843
		130,832	140,472
	Consumer Discretionary - 4.68%		
407	CVS Corp.	16,388	16,319
175	DaimlerChrysler AG, Registered	16,333	10,933
435	Honda Motor Co. Ltd., ADR	16,376	14,851
361	Koninklijke Philips Electronics NV, ADR	16,394	12,130
452	Kraft Foods Inc., Class 'A'	16,426	13,047
295	McDonald's Corp.	16,363	16,808
268	Sony Corp., ADR	16,399	11,648
692	Time Warner Inc.	16,417	10,356
123	Toyota Motor Corp.	16,345	11,668
412	Walt Disney Co. (The)	16,429	13,029
		163,870	130,789
	Industrials - 10.43%		
174	3M Co.	16,316	12,271
653	ABB Ltd., ADR	16,475	18,550
242	ArcelorMittal, Registered	16,570	24,254
113	BASF AG, ADR	16,130	15,762
157	Boeing Co. (The)	16,330	10,467
399	General Electric Co.	16,403	10,760
724	Matsushita Electric Industrial Co. Ltd., ADR	16,404	15,102
120	Siemens AG, ADR	16,277	13,408
30,000	Solar Integrated Technologies Inc.	63,014	64,813
211	United Parcel Service Inc., Class 'B'	16,395	13,157
217	United Technologies Corp.	16,373	13,573
2,000	ZhongDe Waste Technology AG	88,872	79,123
		315,559	291,240
	Telecommunication Services - 4.02%		
374	AT&T Inc.	16,379	12,745
233	BT Group PLC, ADR	16,364	9,337

See accompanying notes

Galileo Global Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES (cont'd)			
	Telecommunication Services (cont'd)		
849	Deutsche Telekom AG, ADR	**16,435**	**13,782**
497	France Telecom SA, ADR	**16,397**	**14,864**
31	Google Inc., Class 'A'	**16,128**	**16,563**
217	Telefonica SA, ADR	**16,364**	**17,285**
361	Verizon Communications Inc.	**16,369**	**12,940**
509	Vodafone Group PLC, ADR	**16,419**	**14,790**
		130,855	**112,306**
	Financials - 8.71%		
671	Allianz SE, ADR	**16,423**	**11,845**
235	American Express Co.	**16,390**	**8,972**
208	American International Group Inc.	**16,364**	**5,567**
326	AXA, ADR	**16,396**	**9,724**
603	Banco Bilbao Vizcaya Argentaria SA, ADR	**16,423**	**11,012**
814	Banco Santander Central Hispano SA, ADR	**16,426**	**15,022**
290	Bank of America Corp.	**16,367**	**6,994**
338	Bank of New York Mellon Corp.	**16,151**	**12,966**
256	Barclays PLC, ADR	**16,342**	**6,002**
274	Citigroup Inc.	**16,367**	**4,640**
196	Credit Suisse Group, ADR	**16,323**	**9,010**
94	Deutsche Bank AG, Registered	**16,338**	**8,140**
65	Goldman Sachs Group Inc.	**16,257**	**11,502**
158	HSBC Holdings PLC, ADR	**16,291**	**12,200**
326	ING Groep NV, ADR	**16,399**	**10,319**
284	JPMorgan Chase & Co.	**16,394**	**9,886**
317	Lloyds TSB Group PLC, ADR	**16,375**	**7,770**
160	Merrill Lynch & Co. Inc.	**16,350**	**5,139**
1,341	Mitsubishi UFJ Financial Group Inc., ADR	**16,419**	**11,973**
1,800	Mizuho Financial Group Inc., ADR	**14,060**	**16,929**
173	Morgan Stanley	**16,344**	**6,322**
2,100	Royal Bank of Scotland Group PLC, ADR	**12,674**	**9,116**
432	U.S. Bancorp	**16,392**	**12,184**
244	UBS AG, Registered	**16,355**	**5,102**
305	Wachovia Corp.	**16,312**	**4,796**
414	Wells Fargo & Co.	**16,396**	**9,942**
		419,328	**243,074**

See accompanying notes

Galileo Global Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES (cont'd)			
	Health Care Services - 4.80%		
255	Abbott Laboratories	16,372	13,675
246	Amgen Inc.	16,349	11,770
278	AstraZeneca PLC, ADR	16,423	11,733
498	Bristol-Myers Squibb Co.	16,408	10,368
264	GlaxoSmithKline PLC, ADR	16,358	11,249
232	Johnson & Johnson	16,314	15,130
278	Medtronic Inc.	16,358	14,570
283	Merck & Co. Inc.	16,380	10,810
259	Novartis AG, ADR	16,387	14,460
551	Pfizer Inc.	16,423	9,755
317	Sanofi-Aventis, ADR	16,371	10,398
		180,143	133,918
	Information Technology - 6.04%		
115	Apple Computer Inc.	16,469	19,536
254	Canon Inc., ADR	16,412	13,197
547	Cisco Systems Inc.	16,390	12,908
700	Dell Inc.	14,346	15,546
335	Hewlett-Packard Co.	16,385	14,995
144	IBM Corp.	16,406	17,285
666	Intel Corp.	16,386	14,514
488	Microsoft Corp.	16,408	13,630
583	Nokia OYJ, ADR	16,389	14,435
778	Oracle Corp.	16,416	16,576
304	SAP AG, ADR	16,503	15,887
		178,510	168,509
	Utilities - 1.14%		
188	Exelon Corp.	16,108	17,143
220	National Grid PLC, ADR	17,381	14,670
		33,489	31,813
	Consumer Staples - 5.10%		
232	British American Tobacco PLC, ADR	16,406	16,292
282	Coca-Cola Co. (The)	16,364	14,837
174	Diageo PLC, ADR	16,314	12,985
150	Imperial Tobacco Group PLC, ADR	12,264	11,300
140	Nestle SA, ADR, Registered	16,102	15,802
220	Pepsico Inc.	16,381	14,191

See accompanying notes

Galileo Global Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES (cont'd)			
	Consumer Staples (cont'd)		
213	Philip Morris International Inc.	11,452	10,656
238	Procter & Gamble Co.	16,368	14,659
481	Unilever NV, (New York Shares)	16,417	13,859
311	Wal-Mart Stores Inc.	16,398	17,701
		154,466	142,282
Total Foreign equities - 56.98%		1,869,713	1,590,676
Transaction costs		(9,033)	
Total investments - 83.00%		2,571,757	2,317,100
Other assets, net of liabilities - 17.00%			474,732
Total net assets - 100.00%			2,791,832

See accompanying notes

Galileo High Income Plus Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	**$**	**8,598,605**	$	3,010,883
Cash including foreign currency holdings, at fair value		**902,563**		334,696
Accrued interest and dividends receivable		**108,368**		34,588
Receivable for units issued		**232,062**		46,642
		9,841,598		3,426,809
Liabilities				
Payable for portfolio securities purchased		**179,159**		86,498
Payable for units redeemed		**16,112**		-
Accrued expenses		**21,913**		9,306
Distributions payable to unitholders		**15,233**		7,119
		232,417		102,923
Net Assets representing unitholders' equity	**$**	**9,609,181**	$	3,323,886
Total Net Assets per Class				
Class A	**$**	**9,368,225**	$	3,130,967
Class F	**$**	**240,956**	$	192,919
Net Asset Value per Unit (note 3)				
Class A	**$**	**14.35**	$	12.53
Class F	**$**	**14.61**	$	12.69

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hanley
Galileo Funds Inc.

Galileo High Income Plus Fund
STATEMENTS OF OPERATIONS (unaudited)
For the six month period ended June 30th

		2008		2007
Income				
Interest	$	177,777	$	41,708
Dividends		72,502		5,138
		250,279		46,846
Expenses (note 4)				
Management fees		56,567		11,094
Custodial fees		21,336		18,736
Audit fees		2,100		758
Legal and regulatory fees		3,263		-
		83,266		30,588
Expenses waived/absorbed by the Manager		12,367		16,359
		70,899		14,229
Net Investment Income		179,380		32,617
Realized and Unrealized Gain on Investments				
Net realized gain on sale of investments		201,918		5,883
Transaction costs (note 5)		(34,718)		(6,255)
Change in unrealized appreciation/depreciation of investments		669,816		85,621
Net Gain on Investments		837,016		85,249
Increase in Net Assets from Operations	$	1,016,396	$	117,866
Increase in Net Assets from Operations per Class				
Class A	$	976,906	$	100,099
Class F	$	39,490	$	17,767
Increase in Net Assets from Operations per Unit				
Class A	$	2.35	$	1.33
Class F	$	2.40	$	1.38

See accompanying notes

Galileo High Income Plus Fund
STATEMENTS OF CHANGES IN NET ASSETS (unaudited)
For the six month period ended June 30th

		2008		2007
CLASS A				
Net Assets, Beginning of Period	$	**3,130,967**	$	529,733
Adjustment for New Accounting Standards		**-**		(1,699)
Adjusted Net Assets, Beginning of Period		**3,130,967**		528,034
Increase in Net Assets from Operations		**976,906**		100,099
Distributions Paid or Payable to Unitholders				
From net investment income		**(242,649)**		(39,727)
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**5,593,666**		1,789,478
Amount received from reinvestment of distributions		**177,100**		32,486
Amount paid on redemptions of units		**(267,765)**		(5,000)
		5,503,001		1,816,964
Increase in Net Assets for the Period		**6,237,258**		1,877,336
Net Assets at End of Period	$	**9,368,225**	$	2,405,370
CLASS F				
Net Assets, Beginning of Period	$	**192,919**	$	156,702
Adjustment for New Accounting Standards		**-**		(503)
Adjusted Net Assets, Beginning of Period		**192,919**		156,199
Increase in Net Assets from Operations		**39,490**		17,767
Distributions Paid or Payable to Unitholders				
From net investment income		**(8,841)**		(3,972)
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**44,124**		164,838
Amount received from reinvestment of distributions		**8,264**		3,972
Amount paid on redemptions of units		**(35,000)**		(140,000)
		17,388		28,810
Increase in Net Assets for the Period		**48,037**		42,605
Net Assets at End of Period	$	**240,956**	$	198,804

See accompanying notes

Galileo High Income Plus Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30th, 2008

Number of shares/units/ par value		Average cost $	Fair value $
CANADIAN EQUITIES			
	Consumer Staples - 2.88%		
43,000	Royal Host Real Estate Investment Trust	**292,423**	**276,920**
	Energy - 35.38%		
8,000	ARC Energy Trust	**199,250**	**269,440**
28,400	Black Diamond Income Fund	**339,241**	**421,740**
6,000	Bonavista Energy Trust	**180,108**	**224,700**
7,000	Crescent Point Energy Trust	**193,363**	**282,170**
45,000	Daylight Resources Trust	**514,878**	**543,150**
25,000	Enerflex Systems Income Fund	**339,711**	**351,250**
12,000	Freehold Royalty Trust	**227,903**	**287,640**
20,000	Keyera Facilities Income Fund	**398,563**	**443,000**
20,000	Progress Energy Trust	**278,748**	**290,800**
20,000	Trinidad Drilling Ltd.	**203,102**	**285,800**
		2,874,867	**3,399,690**
	Financials - 8.54%		
23,000	GMP Capital Trust	**446,514**	**365,700**
50,000	Temple Real Estate Investment Trust	**456,222**	**455,500**
		902,736	**821,200**
	Industrials - 15.28%		
30,000	BFI Canada Income Fund	**677,386**	**694,800**
15,000	Mullen Group Income Fund	**293,660**	**338,700**
22,000	Westshore Terminals Income Fund	**349,955**	**434,940**
		1,321,001	**1,468,440**
	Materials - 5.60%		
2,000	Fording Canadian Coal Trust	**171,580**	**194,000**
25,000	TimberWest Forest Corp.	**350,584**	**343,750**
		522,164	**537,750**
	Utilities - 6.31%		
12,000	Bell Aliant Regional Communications Income Fund	**357,340**	**348,840**
20,000	Northland Power Income Fund	**257,487**	**257,200**
		614,827	**606,040**

See accompanying notes

Galileo High Income Plus Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units/ par value		Average cost $	Fair value $
CANADIAN EQUITIES - PREFERRED SHARES			
	Industrials - 3.97%		
20,000	Bombardier Inc., Preferred, Series 'B', Callable, 25.5%,	376,679	381,200
Total Canadian equities - 77.96%		6,904,697	7,491,240
FIXED INCOME			
	Energy - 5.79%		
200,000	Fairborne Energy Ltd., 6.500%, 12/31/11	194,509	221,240
325,000	Trinidad Drilling Ltd., 7.750%, 7/31/12	329,619	335,725
		524,128	556,965
	Materials - 5.73%		
260,000	Katanga Mining Ltd., 14.000%, 11/30/13	257,043	249,600
320,000	New Gold Inc., 10.000%, 6/28/17	282,200	300,800
		539,243	550,400
Total Fixed Income - 11.52%		1,063,371	1,107,365
Transaction costs		(18,611)	
Total investments - 89.48%		7,949,457	8,598,605
Other assets, net of liabilities - 10.52%			1,010,576
Total net assets - 100.00%			9,609,181

See accompanying notes

Galileo Money Market Fund

STATEMENTS OF NET ASSETS

As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	**$**	**1,790,794**	$	4,290,109
Cash		**58,600**		9,475
		1,849,394		4,299,584
Liabilities				
Accrued expenses		**1,302**		3,612
Net assets representing unitholders' equity	**$**	**1,848,092**	$	4,295,972
Net Asset Value per Unit (note 3)	**$**	**10.00**	$	10.00

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hanley
Galileo Funds Inc.

Galileo Money Market Fund
STATEMENTS OF OPERATIONS (unaudited)

For the six month period ended June 30th

		2008		2007
Income				
Interest	**$**	**50,977**	$	12,893
Expenses (note 4)				
Management fees		**6,718**		1,167
Custodial fees		**18,149**		10,077
Audit fees		**2,100**		79
Legal and regulatory fees		**3,263**		-
		30,230		11,323
Expenses waived/absorbed by the Manager		**21,991**		9,811
		8,239		1,512
Net Investment Income		**42,738**		11,381
Increase in Net Assets from Operations	**$**	**42,738**	$	11,381
Increase in Net Assets from Operations per Unit	**$**	**0.17**	$	0.20

See accompanying notes

Galileo Money Market Fund
STATEMENTS OF CHANGES IN NET ASSETS (unaudited)
For the six month period ended June 30th

	2008	2007
Net Assets, Beginning of Period	$ **4,295,972**	$ 225,932
Increase in Net Assets from Operations	**42,738**	11,381
Distributions Paid or Payable to Unitholders		
From net investment income	**(42,738)**	(11,381)
Changes Due to Unitholder Transactions (note 3)		
Amount received from the issuance of units	**760,274**	2,375,951
Amount received from reinvestment of distributions	**42,737**	11,202
Amount paid on redemptions of units	**(3,250,891)**	(1,156,338)
	(2,447,880)	1,230,815
Increase (Decrease) in Net Assets for the Period	**(2,447,880)**	1,230,815
Net Assets at End of Period	$ **1,848,092**	$ 1,456,747

See accompanying notes

Galileo Money Market Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30th, 2008

Par Value		Average cost $	Fair value $
SHORT-TERM INVESTMENTS			
	Corporate - 96.90%		
570,000	Royal Bank of Canada Banker's Acceptance, 7/15/08, 3.230%	**569,245**	**569,245**
700,000	Royal Bank of Canada Banker's Acceptance, 8/1/08, 2.910%	**698,219**	**698,219**
525,000	Bank of Nova Scotia Banker's Acceptance, 8/8/08, 2.990%	**523,330**	**523,330**
Total short-term investments - 96.90%		**1,790,794**	**1,790,794**
Total investments - 96.90%		**1,790,794**	**1,790,794**
Other assets, net of liabilities - 3.10%			**57,298**
Total net assets - 100.00%			**1,848,092**

See accompanying notes

Galileo Small/Mid Cap Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2008 (unaudited) and December 31, 2007 (audited)

		2008		2007
Assets				
Investments at fair value	$	**6,767,511**	$	7,921,316
Cash including foreign currency holdings, at fair value		**1,233,970**		85,224
Accrued interest and dividends receivable		**9,090**		16,407
Receivable for units issued		**-**		9,542
		8,010,571		8,032,489
Liabilities				
Accrued expenses		**14,282**		17,842
Payable for portfolio securities purchased		**500,541**		-
		514,823		17,842
Net Assets representing unitholders' equity	$	**7,495,748**	$	8,014,647
Total Net Assets per Class				
Class A	$	**47,811**	$	77,688
Class F	$	**7,447,937**	$	7,936,959
Net Asset Value per Unit (note 3)				
Class A	$	**14.68**	$	14.77
Class F	$	**14.39**	$	14.40

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:

Michael Waring
Galileo Funds Inc.

Peter Hartley
Galileo Funds Inc.

Galileo Small/Mid Cap Fund
STATEMENTS OF OPERATIONS (unaudited)
For the six month period ended June 30th

		2008		2007
Income				
Interest	$	**61,462**	$	82,352
Dividends		**25,824**		10,346
Loss on derivatives		**(775)**		-
		86,511		92,698
Expenses (note 4)				
Management fees		**33,514**		37,068
Custodial fees		**13,213**		14,980
Audit fees		**2,100**		3,699
Legal and regulatory fees		**3,263**		-
		52,090		55,748
Expenses waived/absorbed by the Manager		**-**		141
		52,090		55,607
Net Investment Income		**34,421**		37,091
Realized and Unrealized Gain (Loss) on Investments				
Net realized gain on sale of investments		**308,886**		206,738
Net realized gain (loss) on foreign currency		**9,690**		(4,504)
Transaction costs (note 5)		**(12,356)**		(21,530)
Change in unrealized appreciation/depreciation of investments		**(358,719)**		1,146,350
Net Gain (Loss) on Investments		**(52,499)**		1,327,054
Increase (Decrease) in Net Assets from Operations	$	**(18,078)**	$	1,364,145
Increase (Decrease) in Net Assets from Operations per Class				
Class A	$	**(804)**	$	3,351
Class F	$	**(17,274)**	$	1,360,794
Increase (Decrease) in Net Assets from Operations per Unit				
Class A	$	**(0.20)**	$	2.09
Class F	$	**(0.03)**	$	2.40

See accompanying notes

Galileo Small/Mid Cap Fund
STATEMENTS OF CHANGES IN NET ASSETS (unaudited)

For the six month period ended June 30th

		2008		2007
CLASS A				
Net Assets, Beginning of Period	$	**77,688**	$	12
Adjustment for New Accounting Standards		**-**		-
Adjusted Net Assets, Beginning of Period		**77,688**		12
Increase (Decrease) in Net Assets from Operations		**(804)**		3,351
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**1,500**		78,272
Amount paid on redemptions of units		**(30,573)**		(5,526)
		(29,073)		72,746
Increase (Decrease) in Net Assets for the Period		**(29,877)**		76,097
Net Assets at End of Period	$	**47,811**	$	76,109

		2008		2007
CLASS F				
Net Assets, Beginning of Period	$	**7,936,959**	$	6,994,664
Adjustment for New Accounting Standards		**-**		(23,652)
Adjusted Net Assets, Beginning of Period		**7,936,959**		6,971,012
Increase (Decrease) in Net Assets from Operations		**(17,274)**		1,360,794
Changes Due to Unitholder Transactions (note 3)				
Amount received from the issuance of units		**20,000**		2,000
Amount paid on redemptions of units		**(491,748)**		(403,242)
		(471,748)		(401,242)
Increase (Decrease) in Net Assets for the Period		**(489,022)**		959,552
Net Assets at End of Period	$	**7,447,937**	$	7,930,564

See accompanying notes

Galileo Small/Mid Cap Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
CANADIAN EQUITIES			
	Materials - 14.08%		
3,400	Agrium Inc.	157,981	372,572
3,500	Cameco Corp.	161,840	152,985
11,100	Kinross Gold Corp.	251,062	267,288
15,600	Yamana Gold Inc.	249,479	262,548
		820,362	1,055,393
	Energy - 16.65%		
20,400	Anderson Energy Ltd.	75,480	109,548
50,500	CGX Energy Inc.	149,970	106,050
15,900	Highpine Oil & Gas Ltd.	166,804	212,424
175,000	NaiKun Wind Energy Group.	171,580	329,000
12,300	Talisman Energy Inc.	259,979	276,750
15,000	Trinidad Drilling Ltd.	150,091	214,350
		973,904	1,248,122
	Industrials - 25.90%		
12,200	Aecon Group Inc.	216,049	196,664
14,300	BFI Canada Income Fund	406,407	331,188
19,800	CAE Inc.	208,320	227,898
6,700	Finning International Inc.	166,851	170,783
8,800	ShawCor Ltd.	161,861	316,800
11,500	Sierra Wireless Inc.	230,712	171,580
6,700	SNC-Lavalin Group Inc.	213,018	373,860
10,900	Viterra Inc.	148,676	152,382
		1,751,894	1,941,155
	Financials - 1.85%		
6,400	Cominar Real Estate Investment Trust	140,640	139,008
	Information Technology - 5.66%		
45,900	Allen-Vanguard Corp.	255,989	112,914
20,300	Celestica Inc.	146,170	174,174
4,200	Open Text Corp.	146,754	136,878
		548,913	423,966
	Utilities - 1.27%		
9,500	Inter Pipeline Fund LP A	97,587	95,285
Total Canadian equities - 65.41%		4,333,300	4,902,929

See accompanying notes

Galileo Small/Mid Cap Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited) (cont'd)
As at June 30th, 2008

Number of shares/units		Average cost $	Fair value $
FOREIGN EQUITIES			
	Energy - 3.03%		
8,400	Covanta Holding Corp.	235,465	227,458
	Utilities - 2.59%		
3,900	Gamesa Corporacion Tecnologica SA	156,970	194,378
Total Foreign equities - 5.62%		392,435	421,836
MUTUAL FUNDS			
144,275	Galileo Money Market Fund*	1,442,746	1,442,746
Total mutual funds - 19.25%		1,442,746	1,442,746
Transaction costs		(11,978)	
Total investments - 90.28%		6,156,503	6,767,511
Other assets, net of liabilities - 9.72%			728,237
Total net assets - 100.00%			7,495,748

* Refer to Galileo Money Market's Statement of Investment Portfolio as at June 30, 2008 for its asset composition.

Galileo Mutual Funds
Notes to the Financial Statements
For the six month periods ended June 30, 2008 and 2007 (unaudited)

1. THE FUNDS

The following Funds are open-ended mutual fund trusts formed under the laws of Ontario by Declarations of Trust, as amended and restated from time to time, on the dates as noted below:

Galileo Absolute Return Fund	June 15, 2000
Galileo Canadian Active/Passive Fund	September 14, 2006
Galileo Fund	June 15, 2000
Galileo Global Active/Passive Fund	September 14, 2006
Galileo High Income Plus Fund	September 14, 2006
Galileo Money Market Fund	September 14, 2006
Galileo Small/Mid Cap Fund	June 15, 2000

[the "Funds"]

On November 7, 2006, Galileo Funds Inc. filed a simplified prospectus for an initial public offering to sell an unlimited number of class A and F units of the Funds, except the Galileo Money Market Fund which only has Class A units.

The Funds are referred to individually as a "Fund" and collectively as the "Funds". Galileo Funds Inc. acts as the Trustee and the Manager of the Funds (the "Funds' Manager"). As such, the Funds are dependent on the Funds' Manager for the administration and management of all matters relating to their operation. Galileo Global Equity Advisors Inc. is the portfolio advisor for the Funds.

2. SIGNIFICANT ACCOUTING POLICIES

Basis of presentation
These financial statements, prepared in accordance with Canadian generally accepted accounting principles; include estimates and assumptions by the Manager that may affect the reported amounts of assets, liabilities, income and expenses during the reporting period. Significant estimates include the valuation of investments. Actual results could differ from those estimates.

Significant accounting policies used in preparing the semi-annual financial statements are consistent with those used in preparing the annual financial statements. Accordingly, these semi-annual financial statements should be read in conjunction with the Funds' most recent annual financial statements.

Adoption of new accounting standards
On January 1, 2008, the Funds adopted CICA Section 3862, Financial Instruments – Disclosures ("Section 3862") and CICA Section 3863, Financial Instruments – Presentation ("Section 3863"), replacing Section 3861. Section 3862 required enhanced disclosure of the nature and extent of the risks arising from financial instruments and how the Funds manage those risks. Section 3863 carries forward unchanged the presentation requirements of 3861 with respect to the financial instruments. The impact of the adoption of the change has been disclosed in note 8.

The Funds also adopted Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. The Funds' capital structure is comprised of units of the Funds, as disclosed in note 3.

Galileo Mutual Funds
Notes to the Financial Statements
For the six month periods ended June 30, 2008 and 2007 (unaudited)

3. UNITS OF THE FUNDS

Units of the Funds are redeemable at the option of the unitholder, in accordance with the provisions of the applicable Declaration of Trust, at their net asset value. Investors of each Class of units of the Funds are entitled to participate in the distribution of net investment income and net realized capital gains on a proportionate basis. Unit transactions during the periods were as follows:

January 1 to June 30, 2008

Fund	Units Outstanding Beginning of Period	Issued	Redeemed	Reinvested from Distributions	Units Outstanding End of Period
Galileo Absolute Return					
Class A	2,632	5,071	499	-	7,204
Class F	212,647	850	1,396	-	212,101
Galileo Canadian Active/Passive					
Class A	29,618	8,939	377	-	38,180
Class F	21,386	269	5,867	-	15,788
Galileo Fund					
Class A	222,766	43,431	52,263	-	213,934
Class F	119,325	345	8,014	-	111,656
Galileo Global Active/Passive					
Class A	115,722	36,738	10,003	-	142,457
Class F	115,440	-	3,058	-	112,382
Galileo High Income Plus					
Class A	249,963	409,899	20,113	12,904	652,653
Class F	15,206	3,078	2,397	602	16,489
Galileo Money Market					
Class A	429,597	76,027	325,089	4,274	184,809
Galileo Small/Mid Cap					
Class A	5,260	103	2,107	-	3,256
Class F	551,264	1,380	35,044	-	517,600

Galileo Mutual Funds
Notes to the Financial Statements
For the six month periods ended June 30, 2008 and 2007 (unaudited)

3. UNITS OF THE FUNDS (cont'd)

January 1 to June 30, 2007

Fund	Units Outstanding Beginning of Period	Issued	Redeemed	Reinvested from Distributions	Units Outstanding End of Period
Galileo Absolute Return					
Class A	1	1,237	123	-	1,115
Class F	248,420	7,793	11,336	-	244,877
Galileo Canadian Active/Passive					
Class A	1	20,261	-	-	20,262
Class F	12,521	1,956	-	-	14,477
Galileo Fund					
Class A	1	224,701	42,605	-	182,097
Class F	168,295	22,017	85,844	-	104,468
Galileo Global Active/Passive					
Class A	12,453	93,143	368	-	105,228
Class F	29,510	98,439	12,508	-	115,441
Galileo High Income Plus					
Class A	42,268	130,322	357	2,371	174,604
Class F	12,510	11,806	10,279	287	14,324
Galileo Money Market					
Class A	22,593	237,613	115,669	1,138	145,675
Galileo Small/Mid Cap					
Class A	1	5,508	377	-	5,132
Class F	575,693	158	29,610	-	546,241

4. EXPENSES

Management fees are charged directly to the Funds as noted below. Other reasonable expenses incurred in the operation of the Funds, such as audit, legal, custodian and other professional fees are charged in the Statements of Operations.

The Funds' Manager has, at its discretion, agreed to absorb certain expenses. The absorbed amounts are shown in the Statements of Operations. Such absorbed amounts can be terminated at any time, but can be expected to continue until such time as the Funds are of sufficient size to reasonably absorb all management and operating expenses incurred.

The management fees before GST for the Class A and Class F units are based on a percentage of average net assets per annum as follows:

4. EXPENSES (cont'd)

Fund	Class A	Class F
Galileo Absolute Return Fund	1.90%	0.90%
Galileo Canadian Active/Passive Fund	1.85%	0.85%
Galileo Fund	1.90%	0.90%
Galileo Global Active/Passive Fund	1.95%	0.95%
Galileo High Income Plus Fund	1.90%	0.90%
Galileo Money Market Fund	0.50%	N/A
Galileo Small/Mid Cap Fund	1.95%	0.95%

During the year, certain Funds held units of other Galileo mutual funds. Adjustments to the management fees were made to ensure no duplication of management fees applied to the Funds holding units of another Galileo mutual fund.

5. TRANSACTION COSTS

The total fees paid to brokers in connection with investment portfolio transactions for the periods ended June 30, 2008 and 2007 are as follows:

Fund	6/30/2008	6/30/2007
Galileo Absolute Return Fund	4,325	14,058
Galileo Canadian Active/Passive Fund	7,516	2,634
Galileo Fund	68,990	75,184
Galileo Global Active/Passive Fund	16,181	13,962
Galileo High Income Plus Fund	34,718	6,255
Galileo Money Market Fund	-	-
Galileo Small/Mid Cap Fund	12,356	21,530

6. RECONCILIATION OF TRANSACTIONAL NAV TO GAAP NAV

In accordance with NI 81-106, a reconciliation of GAAP NAV, calculated in accordance with Section 3855 of an investment fund, and Transactional NAV, calculated in accordance with the Funds' Manager's fair value policies and procedures for unit pricing as at June 30, 2008, is as follows:

Fund	Transactional NAV $	Adjustment $	GAAP NAV $
Galileo Absolute Return			
Class A	106,527	(220)	106,307
Class F	3,074,003	(6,337)	3,067,666
Galileo Canadian Active/Passive			
Class A	522,818	(2,795)	520,023
Class F	217,080	(1,161)	215,919
Galileo Fund			
Class A	2,868,634	(18,983)	2,849,651
Class F	1,602,263	(10,603)	1,591,660
Galileo Global Active/Passive			
Class A	1,555,742	(8,390)	1,547,352
Class F	1,251,228	(6,748)	1,244,480
Galileo High Income Plus			
Class A	9,390,176	(21,951)	9,368,225
Class F	241,520	(564)	240,956
Galileo Money Market			
Class A	1,848,092	-	1,848,092
Galileo Small/Mid Cap			
Class A	47,919	(108)	47,811
Class F	7,464,883	(16,946)	7,447,937

6. RECONCILIATION OF TRANSACTIONAL NAV TO GAAP NAV (cont'd)

The reconciliation of GAAP NAV and Transactional NAV, on a per unit basis as at June 30, 2008, is as follows:

Fund	Transactional NAV $	Adjustment $	GAAP NAV $
Galileo Absolute Return			
Class A	14.79	(0.03)	14.76
Class F	14.49	(0.03)	14.46
Galileo Canadian Active/Passive			
Class A	13.69	(0.07)	13.62
Class F	13.75	(0.07)	13.68
Galileo Fund			
Class A	13.41	(0.09)	13.32
Class F	14.35	(0.09)	14.26
Galileo Global Active/Passive			
Class A	10.92	(0.06)	10.86
Class F	11.13	(0.06)	11.07
Galileo High Income Plus			
Class A	14.39	(0.03)	14.35
Class F	14.64	(0.03)	14.61
Galileo Money Market			
Class A	10.00	-	10.00
Galileo Small/Mid Cap			
Class A	14.71	(0.03)	14.68
Class F	14.42	(0.03)	14.39

7. SOFT DOLLARS

No soft dollar expenses were incurred by the Funds during the year.

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES

Fair Value

Financial instruments of the Funds consist of investments, cash, accrued income receivable, receivable for portfolio securities sold, receivables for units issued, payable for portfolio securities purchased, distributions payable to unitholders, payables for units redeemed and accrued expenses. There are no significant differences between the carrying values of these financial instruments and their fair value.

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (cont'd)

Risk Management

The Funds are exposed to various types of risks that are associated with their investment strategies, financial instruments and markets in which they invest. The most important risks include market risk, which includes interest rate risk, currency risk and equity and other price risk; credit risk and liquidity risk. These risks and related risk management practices employed by the Funds are discussed below. The sensitivity analysis shown in the notes to the statements may differ from actual trading and the difference could be material.

The Funds' Manager seeks to minimize potential adverse effects of these risks on the Funds' performance by employing professional, experienced portfolio advisers, daily monitoring of the Funds' positions and market events, and by diversifying the investment portfolio within the constraints of the investment. To assist in managing risks, the Manager also uses internal guidelines that identify the target exposure for each type of risk, maintains a governance structure that oversees the Funds' investment activities and monitors compliance with the Funds' stated investment strategy and securities regulations.

Interest Rate Risk

Interest rate risk arises on interest-bearing financial instruments. The Galileo Absolute Return Fund and the Galileo Small Mid Cap Fund hold units in the Galileo Money Market Fund. Due to the short term nature of the instruments held by the Galileo Money Market Fund, neither the Galileo Absolute Return Fund, the Galileo Small Mid Cap Fund or the Galileo Money Market Fund are exposed to a significant risk that the value of interest-bearing financial instruments will fluctuate due to changes in the prevailing levels of market interest rates.

For the Galileo Canadian Active/Passive Fund, the Galileo Fund and the Global Active/Passive Fund, the majority of these Fund's financial assets and liabilities are non-interest bearing. As a result, these Funds are not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

The Galileo High Income Plus Fund invests in fixed income securities which bear interest at fixed rates, as such, it is subject to interest rate price risk resulting from changes in fair value from market fluctuations in interest rates.

The table below summarizes this Fund's exposure to interest rate risk. It includes the Fund's assets and trading liabilities at fair values, categorized by the earlier of contractual re-pricing or maturity dates.

As of June 30, 2008	Less than 1 year	1-5 years	More than 5 years	5-10 years	Total
Bonds	-	$556,965	$550,400	-	$1,107,365

At June 30, 2008, should interest rates have increased or decreased by 100 basis points with all other variables remaining constant, the increase/decrease in net assets for the period would amount to approximately $45,656.

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (cont'd)

Currency Risk

Currency risk is the risk that financial instruments which are denominated or exchanged in a currency other than the Canadian dollar, which is each of the Galileo Funds' reporting currency, will fluctuate due to changes in exchange rates.

The table below indicates the foreign currencies to which each Fund had significant exposure as at period end in Canadian dollar terms, including the underlying principal amount of forward currency contracts, if any. The table also illustrates the potential impact to the Funds' net assets, all other variables held constant, as a result of a 5% change in these currencies relative to the Canadian dollar. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.

Galileo Absolute Return Fund

Currency	Investments	Cash and Equivalents	Total	Impact on Net Assets
US Dollar	262,355	165	262,520	13,126
Euro	79,745	-	79,745	3,987
Total	342,100	165	342,265	17,113

Galileo Canadian Active/Passive Fund

Currency	Investments	Cash and Equivalents	Total	Impact on Net Assets
Singapore Dollar	15,771	2,656	18,427	921

Galileo Fund

Currency	Investments	Cash and Equivalents	Total	Impact on Net Assets
Singapore Dollar	144,568	564	145,132	7,257
Euro	178,030	-	178,030	8,902
British Pound	118,824	-	118,824	5,941
Total	441,422	564	441,986	22,100

Galileo Global Active/Passive Fund

Currency	Investments	Cash and Equivalents	Total	Impact on Net Assets
US Dollar	1,335,461	74,788	1,410,249	70,512
Euro	79,123	-	79,123	3,956
Singapore Dollar	60,456	15,673	76,129	3,806
British Pound	64,813	-	64,813	3,241
Australian Dollar	50,823	-	50,823	2,541
Total	1,590,676	90,461	1,681,137	84,056

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (cont'd)

Currency Risk (cont'd)

Galileo Small/Mid Cap Fund

Currency	Investments	Cash and Equivalents	Total	Impact on Net Assets
US Dollar	194,378	742,464	936,842	46,842
Euro	227,458	-	227,458	11,373
Total	421,836	742,464	1,164,300	58,215

Equity and Other Price Risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The investments of the Funds are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Fund is equivalent to their fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Fund's market price risk is managed through diversification of the investment portfolio. The most significant exposure to other price risk arises from its investments in equity securities.

As of June 30, 2008, had the prices on the respective stock exchanges for these securities raised or lowered by 5%, with all other variables held constant, the following chart shows the amount which the net assets of the respective funds would have increased or decreased:

Fund	Change in net assets ($)
Galileo Absolute Return Fund	114,348
Galileo Canadian Active/Passive Fund	35,938
Galileo Fund	189,566
Galileo Global Active/Passive Fund	115,855
Galileo High Income Plus Fund	374,562
Galileo Money Market Fund	-
Galileo Small/Mid Cap Fund	266,238

Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with each respective Fund. The Galileo Absolute Return Fund, Galileo Canadian Active/Passive Fund, Galileo Fund, Galileo Global Active/Passive Fund, Galileo Money Market Fund and Galileo Small/Mid Cap Fund do not have a significant credit risk exposure as at June 30, 2008. The carrying amount of other assets represents their maximum credit risk exposure, as they will be settled in the short term.

8. FINANCIAL INSTRUMENTS AND RISK DISCLOSURES (cont'd)

Credit Risk (cont'd)

The Galileo High Income Plus Fund does have significant credit risk. The Fund's greatest concentration of credit risk is in bonds. The Fund limits its exposure to credit loss by placing its cash investments with high credit quality borrowers. The fair value of debt securities includes consideration of the credit worthiness of the debt issues. The carrying amount of investments represents the maximum credit risk exposure as at June 30, 2008. The maximum exposure to any one debt issuer as of June 30, 2008 was $335,725, representing 3.5% of the net assets of the Fund.

The Fund invests in financial assets, which have an investment grade as rated by Standard & Poor's. Ratings for securities that subject the Fund to credit risk at June 30, 2008 are noted below:

Debt Rating	June 30, 2008
B+	4.0%
Unrated	11.5%
Total	15.5%

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker.

The Funds do not perform securities lending transactions.

Liquidity Risk

The Fund is exposed to daily cash redemptions of redeemable units. In accordance with securities regulations, the Fund must maintain at least 90% of its assets in liquid investments (i.e. investments that are traded in an active market and can be readily disposed). In addition, the Fund retains sufficient cash and cash equivalent positions to maintain adequate liquidity. The Fund also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. Liquidity risk for all funds is considered minimal.

9. RELATED PARTY TRANSACTIONS

The Funds' Manager, its officers and directors may invest in units of the Funds from time to time in the normal course of business.

All transactions with related parties are measured at the exchange amounts.

10. STATEMENT OF PORTFOLIO TRANSACTIONS

An unaudited statement of portfolio transactions for the Funds for the period ended June 30, 2008 may be obtained, without charge, by writing to the Funds' Manager:

Galileo Funds Inc.
TD Canada Trust Tower
Suite 4730, 161 Bay Street, PO Box 205
Toronto, Ontario M5J 2S1