Financial Statements

Galileo Canadian Active/Passive Fund

June 30, 2007

Galileo Canadian Active/Passive Fund
STATEMENTS OF NET ASSETS
As at June 30th, 2007 (unaudited) and December 31, 2006 (audited)

		2007		2006
Assets				
Investments at fair value	**$**	**420,638**	$	62,518
Cash including foreign currency holdings, at fair value		**57,698**		90,585
Investment income receivable		**708**		321
Receivable for portfolio securities sold		**2,433**		8,007
Receivable for units issued		**1,600**		-
		483,077		161,431
Liabilities				
Payable for portfolio securities purchased		**2,674**		6,564
Accrued expenses		**1,570**		126
		4,244		6,690
Net Assets representing unitholders' equity	**$**	**478,833**	$	154,741
Total Net Assets per Class				
Class A	**$**	**278,840**	$	12
Class F	**$**	**199,993**	$	154,729
Net Asset Value per Unit (note 3)				
Class A	**$**	**13.76**	$	12.35
Class F	**$**	**13.81**	$	12.36

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

		2007		2006
Income				
Interest	$	663	$	-
Dividends		1,136		-
		1,799		-
Expenses (notes 4)				
Management fees		1,513		-
Custodial fees		15,421		-
Audit fees		191		-
		17,125		-
Expenses waived or absorbed by the Fund's Manager		(14,831)		-
		2,294		-
Net Investment Loss		(495)		-
Realized and Unrealized Gain (Loss) on Investments and Transaction Costs				
Net realized gain on sale of investments		15,035		-
Transaction costs (notes 2 and 5)		(2,634)		-
Increase in unrealized appreciation of investments		16,681		-
Net Gain on Investments		29,082		-
Increase in Net Assets from Operations	$	28,587	$	-
Increase in Net Assets from Operations per Class				
Class A	$	9,387	$	-
Class F	$	19,200	$	-
Increase in Net Assets from Operations per Unit				
Class A	$	1.07	$	-
Class F	$	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

	2007	2006
CLASS A		
Net Assets, Beginning of Period	$ 12	$ -
Adjustment for New Accounting Standards (note 2)	-	-
Adjusted Net Assets, Beginning of Period	12	-
Increase in Net Assets from Operations	9,387	-
Changes Due to Unitholder Transactions (note 3)		
Amount received from the issuance of units	269,441	-
Increase in Net Assets for the Period	278,828	-
Net Assets, End of Period	$ 278,840	$ -
CLASS F		
Net Assets, Beginning of Period	$ 154,728	$ -
Adjustment for New Accounting Standards (note 2)	(935)	-
Adjusted Net Assets, Beginning of Period	153,793	-
Increase in Net Assets from Operations	19,200	-
Changes Due to Unitholder Transactions (note 3)		
Amount received from the issuance of units	27,000	-
Increase in Net Assets for the Period	46,200	-
Net Assets, End of Period	$ 199,993	$ -

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (unaudited)
As at June 30, 2007

Number of shares/units		Average cost $	Market value $
CANADIAN EQUITIES			
	Consumer Discretionary - 7.05%		
54	Magna International Inc., Class 'A'	5,230	5,224
120	Shaw Communications Inc.	5,270	5,365
115	Thomson Corp. (The)	5,267	4,990
65	Canadian Tire Corp. Ltd., Class 'A'	5,258	5,429
1,000	Migao Corporation	7,415	7,749
153	Tim Hortons Inc.	5,288	5,003
		33,728	33,760
	Consumer Staples - 2.22%		
106	Loblaw Cos. Ltd.	5,284	5,506
104	Shoppers Drug Mart Corp.	5,298	5,125
		10,582	10,631
	Energy - 17.42%		
74	Canadian Natural Resources Ltd.	5,245	5,223
79	EnCana Corp.	5,242	5,162
59	Husky Energy Inc.	5,232	5,163
103	Imperial Oil Ltd.	5,248	5,108
2,500	Lignol Energy Corp. NPV	3,913	3,375
3,000	Naikun Wind Energy Group Inc.	4,188	7,889
164	Nexen Inc.	5,276	5,412
500	Oilexco Inc.	4,850	6,435
500	Pacific Stratus Energy Ltd.	5,426	7,159
96	Petro - Canada	5,282	5,421
56	Suncor Energy Inc.	5,276	5,358
239	Talisman Energy Inc.	5,275	4,919
134	TransCanada Corp.	5,293	4,908
2,500	Western Canadian Coal Corp.	6,521	6,900
250	Western Canadian Coal Corp., Warrants	-	-
140	Western Oil Sands Inc., Class 'A'	5,286	4,970
		77,553	83,402
	Financials - 11.57%		
74	Bank of Montreal	5,255	5,062
98	Bank of Nova Scotia	5,271	5,084
114	Brookfield Asset Management Inc., Class 'A'	5,273	4,844
49	Canadian Imperial Bank of Commerce	5,233	4,692
147	Great-West Lifeco Inc.	5,276	5,079

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (cont'd) (unaudited)
As at June 30, 2007

Number of shares/units		Average cost $	Market value $
CANADIAN EQUITIES (cont'd)			
	Financials (cont'd)		
95	IGM Financial Inc.	5,257	4,918
132	Manulufe Financial Corp.	5,287	5,250
80	National Bank of Canada	5,251	4,910
89	Royal Bank Of Canada	5,254	5,029
104	Sun Life Financial Inc.	5,266	5,279
72	Toronto-Dominion Bank (The)	5,226	5,246
		57,849	55,393
	Industrials - 6.58%		
1,106	Bombardier Inc., Class 'B'	5,309	7,045
300	CAE Inc.	4,437	4,260
90	Canadian National Railway Co.	5,255	4,878
68	Canadian Pacific Railway Ltd.	5,254	4,981
168	Finning International Inc.	5,236	5,055
137	SNC-Lavalin Group Inc.	5,267	5,309
		30,758	31,528
	Information Technology - 3.32%		
188	Nortel Networks Corp.	5,298	4,809
30	Research In Motion Ltd.	5,286	6,398
800	Sandvine Corp.	2,324	4,680
		12,908	15,887
	Materials - 31.72%		
143	Agnico-Eagle Mines Ltd.	5,277	5,536
126	Agrium Inc.	5,277	5,855
57	Alcan Inc.	5,246	4,933
600	Aquiline Resources Inc.	5,311	6,552
1,000	Aranka Gold Inc.	4,043	3,600
2,000	Asian Mineral Resources Ltd.	5,442	5,160
169	Barrick Gold Corp.	5,288	5,224
5,000	Benton Resources Corp.	5,058	7,800
96	Cameco Corp.	5,255	5,166
2,000	Eastern Platinum Ltd.	3,419	4,720
2,500	Entrie Gold Inc.	4,711	6,375
216	Goldcorp Inc.	5,282	5,443
500	Guyana Goldfields Inc.	5,317	5,060
500	Hangfeng Evergreen Inc.	5,719	5,975

See accompanying notes

Galileo Canadian Active/Passive Fund
STATEMENT OF INVESTMENT PORTFOLIO (cont'd) (unaudited)
As at June 30, 2007

Number of shares/units		Average cost $	Market value $
CANADIAN EQUITIES (cont'd)			
	Materials (cont'd)		
1,000	International Forest Products Ltd., Class 'A'	8,476	9,000
380	Kinross Gold Corp.	5,293	4,708
1,000	Osisko Exploration Ltd.	5,813	5,430
1,600	Platinum Group Metals Ltd.	5,455	6,896
73	Potash Corp. of Saskatchewan Inc.	5,264	6,060
800	QGX Ltd.	2,737	2,496
200	Sino-Forest Corporation	3,418	3,050
15,000	Sparton Resources Inc.	4,939	5,100
3,000	Sprott Molybdenum Part - CW09	3,745	3,480
123	Teck Cominco Ltd., Class 'B'	5,288	5,540
700	TimberWest Forest Corp.	11,515	12,564
2,000	Western Uranium Corp.	7,500	5,740
372	Yamana Gold Inc.	5,271	4,401
		145,359	151,864
	Telecommunication Services - 2.18%		
120	Rogers Communications Inc., Class 'B'	5,258	5,424
79	Telus Corp.	5,223	5,028
		10,481	10,452
	Utilities - 5.79%		
133	BCE Inc	5,272	5,359
141	Enbridge Inc.	5,286	5,061
900	Plutonic Power Corp.	3,835	6,813
186	TransAlta Corp.	5,263	4,968
2,000	U.S. Geothermal Inc.	3,675	5,520
		23,331	27,721
Total Canadian equities - 87.85%		402,549	420,638
Transaction costs (note 2)		(1,203)	-
Total investments - 87.85%		401,346	420,638
Other assets, net of liabilities - 12.15%			58,195
Total net assets - 100.00%			478,833

See accompanying notes

Galileo Canadian Active/Passive Fund
Notes to the Financial Statements
For the six months periods ended June 30, 2007 and 2006 (unaudited)

1. ESTABLISHMENT OF THE FUND

Galileo Canadian Active/Passive Fund [the "Fund"] is an open-ended unit trust established under the laws of Ontario pursuant to a Declaration of Trust dated September 14th, 2006. 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 Fund.

Galileo Funds Inc. acts as the Trustee and the Manager of the Fund [the "Fund's Manager"]. As such, the Fund is dependent on the Fund's Manager for the administration and management of all matters relating to its operation. Galileo Equity Management Inc. is the portfolio advisor for the Fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by the Fund's 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 the preparing the semi-annual financial statements are consistent with those used in preparing the annual financial statements except for the adoption of new accounting standards as described below. These semi-annual financial statements should be read in conjunction with the Fund's most recent financial statements.

New Accounting Standards

On April 1 2005, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3855, "Financial Instruments - Recognition and Measurement", effective for financial statements relating to fiscal years beginning on or after October 1, 2006. This section establishes standards for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short securities. Prior to the implementation of this new standard, the fair value was based on the last traded price for the day, when available. Section 3855 also requires that transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net income in the period. Prior to this new standard, these costs were added to the cost of the securities purchased or deducted from the proceeds of sale. Section 3855 has been applied retrospectively without restatement of prior periods. The cost of individual investments in the Statement of Investments are recorded at total cost including transaction costs. Accordingly, the opening net asset value in the Statement of Changes in Net Assets for the six month period ended June 30, 2007 has been adjusted. Refer to Note 6 for the amount adjusted per class.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

New Accounting Standards (cont'd)

National Instruments 81-106 (NI 81-106), Section 14.2, issued by the Canadian Securities Administrators ("CSA") in 2005, requires the daily net asset value of an investment fund to be calculated in accordance with Canadian GAAP. The CSA has granted temporary relief to investment funds from complying with Section 3855, for the purpose of calculating and reporting of Net Asset Value (other than for financial reporting purposes) until September 30, 2007, to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements, such as the purchase and redemption price of an investment fund. Under this temporary relief, funds are permitted to have two different net asset values: one for financial statements, which will be prepared in accordance with Canadian GAAP (referred to as "GAAP NAV"); and another for all the other purposes including unit pricing (referred to as "transactional NAV"). These financial statements have been prepared on a basis consistent with the proposed amendments including a reconciliation between GAAP NAV and transactional NAV (note 6).

As a result of the adoption of 3855, changes to the accounting policies for the Fund are as follows:

(a) Valuation of Investments
  i. Securities listed upon a recognized public exchange are valued at their bid prices on the valuation date. Securities with no available bid prices are valued at the closing sale prices.
  ii. Securities not listed upon a recognized public exchange are valued using valuation techniques, on such basis and in such manner established by the Fund's Manager.
  iii. Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.

(b) Transaction Costs

In accordance with Section 3855, transaction costs are expensed and are included in "Transaction costs" in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Prior to the adoption of Section 3855, Transaction costs were capitalized and included in the cost of purchases or proceeds from sales of investments. There is no impact on the net asset value of the investment fund in using either of these methods. The cost of investments for each security is determined on an average cost basis.

3. UNITS OF THE FUND

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

	Class A	
	2007	**2006**
	Number of units	**Number of Units**
Subscriptions	**20,262**	-
Redemptions	-	-

The number of issued and outstanding Class A units at the period ended June 30, 2007 is 20,262 [June 30, 2006 - nil].

	Class F	
	2007	**2006**
	Number of units	**Number of units**
Subscriptions	**1,956**	-
Redemptions	-	-

The number of issued and outstanding Class F units at the period ended June 30, 2007 is 1,956 [June 30, 2006 - nil].

4. EXPENSES AND RELATED PARTY TRANSACTIONS

In accordance with the amended Declaration of Trust, dated November 1, 2006, the Fund's Manager began charging management fees directly to the Fund. During the six month period ended June 30, 2007, the Fund's Manager charged management fees of $1,513 [June 30, 2006 – nil] Other reasonable expenses incurred in the operation of the Fund, such as audit, legal, custodian and other professional fees are charged in the Statements of Operations.

The Fund's 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 Fund is of sufficient size to reasonably absorb all management and operating expenses incurred.

The management fee of Class A units is 1.85% per annum on average net assets plus GST and the management fee of the Class F units is 0.85% per annum on average net assets plus GST.

All transactions with the Fund's Manager, a related company, are measured at exchange amounts and occur within the normal course of business.

Galileo Canadian Active/Passive Fund
Notes to the Financial Statements
For the six months periods ended June 30, 2007 and 2006 (unaudited)

5. BROKERAGE FEES

Commissions paid to brokers/dealers in connection with the purchase and sale of securities during the six month period ended June 30, 2007 totalled $2,634 [June 30, 2006 - nil]. No soft dollar expenses were incurred by the Fund during the period.

6. RECONCILIATION OF GAAP NAV TO TRANSACTIONAL 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 Fund's Manager's fair value policies and procedures for unit pricing as at June 30, 2007, is as follows:

Class	Transactional NAV $	Adjustment for New Accounting Standards (note 2) $	GAAP NAV $
Class A	280,225	(1,385)	278,840
Class F	200,987	(994)	199,993

7. Basis of Presentation

Per the notice required under NI 81-106, "Investment Fund Continuous Disclosure" part 2.12(2), the financial statements for the period ended June 30, 2007 have not been reviewed by an external auditor.