

GALILEO

Galileo Funds Annual Report 2007

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



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AUDITORS' REPORT

To the Unitholders of:

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
(collectively the "Funds")

We have audited the statements of investment portfolio of each of the Funds as at December 31, 2007, the statements of net assets as at December 31, 2007 and 2006, and the statements of operations and changes in net assets for the periods then ended. These financial statements are the responsibility of the Funds' manager. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the investment portfolios of the Funds as at December 31, 2007, their net assets as at December 31, 2007 and 2006, and the results of each of their operations and changes in net assets for the periods then ended, in accordance with Canadian generally accepted accounting principles.

Smith Nixon LLP

Licensed Public Accountants
Chartered Accountants
Toronto, Canada
February 15, 2008

Galileo Absolute Return Fund

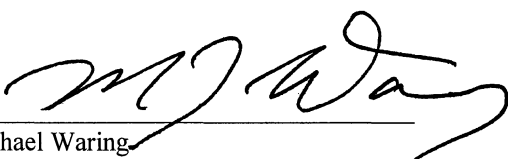
STATEMENTS OF NET ASSETS

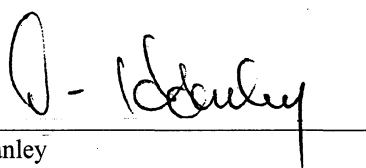
As at December 31

	2007	2006
Assets		
Investments at fair value	\$ 3,143,354	\$ 3,885,502
Cash including foreign currency holdings, at fair value	61,082	21,289
Accrued interest and dividends receivable	9,824	14,142
	3,214,260	3,920,933
Liabilities		
Accrued expenses	7,959	12,460
Distributions payable to unitholders	100,687	116,636
	108,646	129,096
Net Assets representing unitholders' equity	\$ 3,105,614	\$ 3,791,837
Total Net Assets per Class		
Class A	\$ 38,986	\$ 18
Class F	\$ 3,066,628	\$ 3,791,819
Net Asset Value per Unit (note 5)		
Class A	\$ 14.81	\$ 15.88
Class F	\$ 14.42	\$ 15.26

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

For the periods ended December 31

	2007	2006
Income		
Interest	\$ 74,851	\$ 93,717
Dividends	17,220	29,903
Loss on derivatives	(2,611)	-
	89,460	123,620
Expenses (note 6)		
Management fees	33,077	4,547
Custodial fees	31,611	24,295
Audit fees	8,418	12,036
Legal and regulatory fees	27,128	29,047
	100,234	69,925
Expenses waived/absorbed by the Manager	48,425	49,832
	51,809	20,093
Net Investment Income	37,651	103,527
Realized and Unrealized Gain (Loss) on Investments		
Net realized gain on sale of investments	417,881	464,724
Net realized loss on foreign currency	(577)	(2,167)
Transaction costs (notes 2 and 8)	(26,863)	-
Change in unrealized appreciation/depreciation of investments	(100,032)	(144,298)
Net Gain on Investments	290,409	318,259
Increase in Net Assets from Operations	\$ 328,060	\$ 421,786
Increase in Net Assets from Operations per Class		
Class A	\$ 127	\$ 2
Class F	\$ 327,933	\$ 421,784
Increase in Net Assets from Operations per Unit		
Class A	\$ 0.10	\$ 0.49
Class F	\$ 1.45	\$ 2.03

See accompanying notes

Galileo Absolute Return Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
CLASS A		
Net Assets, Beginning of Period	\$ 18	\$ -
Adjustment for New Accounting Standards (note 2)	-	-
Adjusted Net Assets, Beginning of Period	18	-
Increase in Net Assets from Operations	127	2
Distributions Paid or Payable to Unitholders		
From net investment income	(610)	-
From net realized capital gains	(4,738)	(2)
	(5,348)	(2)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	50,100	16
Amount received from reinvestment of distributions	5,348	2
Amount paid on redemptions of units	(11,259)	-
	44,189	18
Increase in Net Assets for the Period	38,968	18
Net Assets at End of Period	\$ 38,986	\$ 18

CLASS F

Net Assets, Beginning of Period	\$ 3,791,819	\$ 3,053,295
Adjustment for New Accounting Standards (note 2)	(8,586)	-
Adjusted Net Assets, Beginning of Period	3,783,233	3,053,295
Increase in Net Assets from Operations	327,933	421,784
Distributions Paid or Payable to Unitholders		
From net investment income	(41,823)	(99,683)
From net realized capital gains	(384,930)	(469,230)
	(426,753)	(568,913)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	166,629	456,500
Amount received from reinvestment of distributions	326,066	452,277
Amount paid on redemptions of units	(1,110,480)	(23,124)
	(617,785)	885,653
Increase (Decrease) in Net Assets for the Period	(716,605)	738,524
Net Assets at End of Period	\$ 3,066,628	\$ 3,791,819

See accompanying notes

Galileo Absolute Return Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES			
	Consumer Discretionary - 2.15%		
4,800	Yellow Pages Income Fund	67,055	66,672
	Energy - 11.77%		
59,800	NaiKun Wind Energy Group Inc.	92,237	198,536
4,800	Talisman Energy Inc.	101,461	88,128
7,500	Trinidad Energy Services Income Trust	47,531	78,750
		241,229	365,414
	Financials - 6.43%		
300	Fairfax Financial Holdings Limited	73,567	85,443
2,800	Power Financial Corporation	87,386	114,156
		160,953	199,599
	Industrials - 14.06%		
5,500	BFI Canada Income Fund	156,290	146,300
8,400	CAE Inc.	88,378	111,300
700	Finning International Inc.	13,855	20,048
1,900	ShawCor Ltd.	34,947	66,975
3,000	Sierra Wireless Inc.	63,848	44,070
1,000	SNC-Lavalin Group Inc.	33,657	48,140
		390,975	436,833
	Information Technology - 5.34%		
18,500	Allen-Vanguard Corporation	108,293	98,420
600	Research In Motion Limited	67,014	67,530
		175,307	165,950
	Materials - 20.48%		
2,700	Agrium Inc.	125,918	193,509
1,400	Cameco Corporation	64,736	55,398
23,100	Eastern Platinum Limited	63,130	66,066
2,900	Newmont Mining Corporation of Canada Limited, Exchangeable Shares	130,379	140,244
2,500	Teck Cominco Limited, Class 'B'	93,752	88,575
7,200	Yamana Gold Inc.	97,848	92,232
		575,763	636,024
	Telecommunication Services - 3.19%		
2,200	Rogers Communications Inc., Class 'B'	96,063	98,978

See accompanying notes

Galileo Absolute Return Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES (cont'd)			
	Utilities - 2.29%		
7,500	Inter Pipeline Fund	73,254	71,100
Total Canadian equities - 65.71%		1,780,599	2,040,570
FOREIGN EQUITIES			
	Energy - 2.98%		
3,400	Covanta Holding Corporation	95,307	92,615
	Financials -1.96%		
1,500	Bank of America Corporation	63,369	60,905
	Utilities - 2.37%		
1,600	Gamesa Corporation Tecnologica SA	64,398	73,580
	Other - 1.77%		
3,700	iShares MSCI Taiwan Index Fund	65,872	54,958
Total Foreign equities - 9.08%		288,946	282,058
MUTUAL FUNDS			
82,073	Galileo Money Market Fund*	820,726	820,726
Total mutual funds - 26.43%		820,726	820,726
Total investments		2,890,271	3,143,354
Transaction costs (note 2)		(8,723)	
Total investments - 101.22%		2,881,548	3,143,354
Other assets, net of liabilities - (1.22%)			(37,740)
Total net assets - 100.00%			3,105,614

* Refer to Galileo Money Market's Statement of Investment Portfolio as at December 31, 2007 for its asset composition.

See accompanying notes

Galileo Canadian Active/Passive Fund

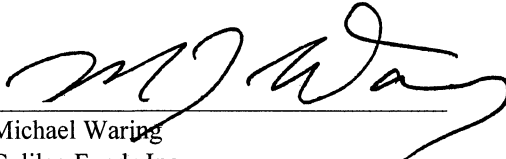
STATEMENTS OF NET ASSETS

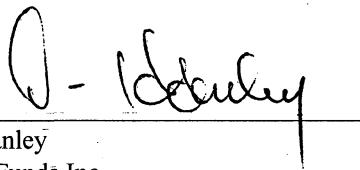
As at December 31

	2007	2006
Assets		
Investments at fair value	\$ 631,264	\$ 62,518
Cash	64,206	90,585
Accrued interest and dividends receivable	697	321
Receivable for portfolio securities sold	9,190	8,007
Receivable for units issued	400	-
	705,757	161,431
Liabilities		
Payable for portfolio securities purchased	9,418	6,564
Accrued expenses	1,792	126
	11,210	6,690
Net Assets representing unitholders' equity	\$ 694,547	\$ 154,741
Total Net Assets per Class		
Class A	\$ 403,494	\$ 12
Class F	\$ 291,053	\$ 154,729
Net Asset Value per Unit (note 4)		
Class A	\$ 13.62	\$ 12.35
Class F	\$ 13.61	\$ 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

For the periods ended December 31

	2007	2006
Income		
Interest	\$ 2,168	\$ 360
Dividends	2,589	321
Loss on derivatives	(46)	29
	4,711	710
Expenses (note 6)		
Management fees	6,412	174
Custodial fees	35,717	5,089
Audit fees	5,849	12,036
Legal and regulatory fees	27,128	31,717
	75,106	49,016
Expenses waived/absorbed by the Manager	66,302	48,890
	8,804	126
Net Investment Income (Loss)	(4,093)	584
Realized and Unrealized Gain (Loss) on Investments		
Net realized gain on sale of investments	15,628	710
Net realized loss on foreign currency	(211)	-
Transaction costs (notes 2 and 8)	(7,545)	-
Change in unrealized appreciation of investments	21,348	3,435
Net Gain on Investments	29,220	4,145
Increase in Net Assets from Operations	\$ 25,127	\$ 4,729
Increase in Net Assets from Operations per Class		
Class A	\$ 5,663	\$ -
Class F	\$ 19,464	\$ 4,729
Increase in Net Assets from Operations per Unit		
Class A	\$ 0.31	\$ 0.35
Class F	\$ 1.21	\$ 0.39

See accompanying notes

Galileo Canadian Active/Passive Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	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	5,663	-
Distributions Paid or Payable to Unitholders		
From net realized capital gains	(1,588)	-
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	435,666	12
Amount received from reinvestment of distributions	1,588	-
Amount paid on redemptions of units	(37,847)	-
	399,407	12
Increase in Net Assets for the Period	403,482	12
Net Assets at End of Period	\$ 403,494	\$ 12
CLASS F		
Net Assets, Beginning of Period	\$ 154,729	\$ -
Adjustment for New Accounting Standards (note 2)	(935)	-
Adjusted Net Assets, Beginning of Period	153,794	-
Increase in Net Assets from Operations	19,464	4,729
Distributions Paid or Payable to Unitholders		
From net realized capital gains	(4,126)	(262)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	117,795	150,000
Amount received from reinvestment of distributions	4,126	262
	121,921	150,262
Increase in Net Assets for the Period	137,259	154,729
Net Assets at End of Period	\$ 291,053	\$ 154,729

See accompanying notes

Galileo Canadian Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES			
Consumer Discretionary - 3.60%			
65	Canadian Tire Corporation, Class 'A'	5,258	4,808
54	Magna International Inc., Class 'A'	5,230	4,312
240	Shaw Communications Inc.	5,270	5,662
115	The Thomson Corp.	5,267	4,632
153	Tim Hortons Inc.	5,288	5,601
		26,313	25,015
Consumer Staples - 1.32%			
106	Loblaw Companies Limited	5,284	3,601
104	Shoppers Drug Mart Corporation	5,298	5,539
		10,582	9,140
Energy - 17.57%			
74	Canadian Natural Resources Ltd.	5,245	5,371
3,000	CGX Energy Inc.	7,610	11,340
2,000	Creststreet Power & Income Fund L.P.	10,648	11,420
6,000	EarthFirst Canada Inc.	12,689	10,560
6,100	EarthFirst Canada Inc., Warrants, 11/12/2009, \$2.60	1,486	1,524
79	EnCana Corporation	5,242	5,333
118	Husky Energy Inc.	5,232	5,255
103	Imperial Oil Limited	5,248	5,622
5,400	NaiKun Wind Energy Group Inc.	11,103	17,928
164	Nexen Inc.	5,276	5,258
1,000	Pacific Stratus Energy Ltd.	12,912	12,240
96	Petro-Canada	5,282	5,112
3,500	Rochester Energy Corporation, Warrants, 7/19/09, \$1.00	-	-
21,100	Rochester Energy Corporation	10,311	9,179
56	Suncor Energy Inc.	5,276	6,043
239	Talisman Energy Inc.	5,275	4,388
134	TransCanada Corporation	5,293	5,428
250	Western Canadian Coal Corp., Warrants, 6/28/2012, \$3.25	-	-
		114,128	122,001
Financials - 7.39%			
74	Bank of Montreal	5,255	4,163
98	Bank of Nova Scotia	5,271	4,916
114	Brookfield Asset Management Inc., Class 'A'	5,273	4,040
49	Canadian Imperial Bank of Commerce	5,233	3,456
147	Great-West Lifeco Inc.	5,276	5,216

See accompanying notes

Galileo Canadian Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES (cont'd)			
Financials - (cont'd)			
95	IGM Financial Inc.	5,257	4,753
132	Manulife Financial Corporation	5,287	5,339
80	National Bank of Canada	5,251	4,174
89	Royal Bank of Canada	5,254	4,511
104	Sun Life Financial Inc.	5,266	5,781
72	The Toronto-Dominion Bank	5,226	5,000
		57,849	51,349
Industrials - 6.09%			
1,106	Bombardier Inc., Class 'B'	5,309	6,592
90	Canadian National Railway Company	5,255	4,199
68	Canadian Pacific Railway Limited	5,254	4,367
168	Finning International Inc.	5,237	4,812
137	SNC-Lavalin Group Inc.	5,268	6,595
5,000	Zongshen PEM Power Systems Inc.	15,581	15,721
		41,904	42,286
Information Technology - 1.86%			
188	Nortel Networks Corporation	5,298	2,816
90	Research In Motion Limited	5,286	10,130
		10,584	12,946
Materials - 20.03%			
143	Agnico-Eagle Mines Limited	5,277	7,771
126	Agrium Inc.	5,277	9,030
1,200	Aquiline Resources Inc.	10,762	10,920
700	Banro Corporation	7,775	7,910
169	Barrick Gold Corporation	5,288	7,042
7,000	Benton Resources Corporation	7,520	5,600
96	Cameco Corp.	5,255	3,799
3,500	Eastern Platinum Limited	7,633	10,010
216	Goldcorp Inc.	5,281	7,290
1,000	Hanfeng Evergreen Inc.	13,873	14,600
380	Kinross Gold Corporation	5,293	6,943
2,000	Osisko Exploration Ltd.	11,387	11,720
73	Potash Corporation of Saskatchewan Inc.	5,263	10,446
12,000	Sprott Molybdenum Participation Corporation, Warrants, 4/16/2009, \$7.50	11,387	7,800
123	Teck Cominco Limited, Class 'B'	5,288	4,358

See accompanying notes

Galileo Canadian Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES (cont'd)			
Materials - (cont'd)			
6,000	Waratah Coal Inc.	14,722	13,500
372	Yamana Gold Inc.	5,271	4,765
		132,552	143,504
Telecommunication Services - 1.34%			
120	Rogers Communications Inc., Class 'B'	5,258	5,399
79	Telus Corporation	5,223	3,904
		10,481	9,303
Utilities - 7.44%			
133	BCE Inc.	5,272	5,267
141	Enbridge Inc.	5,285	5,641
200	Fortis Inc.	5,606	5,784
1,500	Plutonic Power Corporation	8,941	11,205
186	TransAlta Corporation	5,264	6,194
4,500	U.S. Geothermal Inc.	12,956	17,550
		43,324	51,641
Total Canadian equities - 66.63%		447,717	467,185
FOREIGN EQUITIES			
Industrials - 3.60%			
4,000	China High Speed Transmission Equipment Group Co. Ltd.	8,699	10,531
300	ZhongDe Waste Technology AG	15,944	14,502
		24,643	25,033
Information Technology - 1.86%			
600	China Security & Surveillance Technology Inc.	11,290	12,933
Materials - 1.00%			
1,000	Felix Resources Limited	5,706	6,932
Total Foreign equities - 6.46%		41,639	44,898
SHORT-TERM INVESTMENTS			
Government - 17.16%			
120,000	Government of Canada		
	Treasury Bills, 06/03/08, 3.87%	119,181	119,181
Total short-term investments - 17.16%		119,181	119,181

See accompanying notes

Galileo Canadian Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units	Average cost \$	Fair value \$
Total investments	608,537	631,264
Transaction costs (note 2)	(1,230)	
Total investments - 90.26%	607,307	631,264
Other assets, net of liabilities - 9.74%		63,283
Total net assets - 100.00%		694,547

See accompanying notes

Galileo Fund

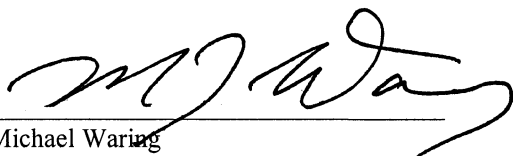
STATEMENTS OF NET ASSETS

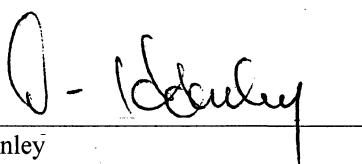
As at December 31

	2007	2006
Assets		
Investments at fair value	\$ 4,273,636	\$ 1,823,760
Cash including foreign currency holdings, at fair value	374,052	26,470
Accrued interest and dividends receivable	1,388	8,382
Receivable for portfolio securities sold	121,166	196,555
Unrealized gain on derivatives	-	8
	4,770,242	2,055,175
Liabilities		
Payable for portfolio securities purchased	148,676	102,216
Accrued expenses	13,717	6,387
Payable for units redeemed	106,616	-
Distributions payable to unitholders	237	-
Unrealized loss on derivatives	1,073	-
	270,319	108,603
Net Assets representing unitholders' equity	\$ 4,499,923	\$ 1,946,572
Total Net Assets per Class		
Class A	\$ 2,865,265	\$ 13
Class F	\$ 1,634,658	\$ 1,946,559
Net Asset Value per Unit (note 5)		
Class A	\$ 12.86	\$ 10.92
Class F	\$ 13.70	\$ 11.57

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

For the periods ended December 31

	2007	2006
Income		
Interest	\$ 20,239	\$ 41,581
Dividends	6,801	15,771
Loss on derivatives	(11,863)	(1,347)
	<u>15,177</u>	<u>56,005</u>
Expenses (note 6)		
Management fees	62,521	2,267
Custodial fees	57,341	36,501
Audit fees	10,643	12,036
Legal and regulatory fees	32,572	29,047
	<u>163,077</u>	<u>79,851</u>
Expenses waived/absorbed by the Manager	80,368	68,902
	<u>82,709</u>	<u>10,949</u>
Net Investment Income (Loss)	<u>(67,532)</u>	<u>45,056</u>
Realized and Unrealized Gain (Loss) on Investments		
Net realized gain on sale of investments	278,650	186,074
Net realized loss on foreign currency	(24,772)	(324)
Transaction costs (notes 2 and 8)	(151,356)	-
Change in unrealized appreciation/depreciation of investments	189,717	(67,269)
Net Gain on Investments	<u>292,239</u>	<u>118,481</u>
Increase in Net Assets from Operations	\$ 224,707	\$ 163,537
Increase (Decrease) in Net Assets from Operations per Class		
Class A	\$ (209,713)	\$ 1
Class F	\$ 434,420	\$ 163,536
Increase (Decrease) in Net Assets from Operations per Unit		
Class A	\$ (1.26)	\$ 0.31
Class F	\$ 3.31	\$ 1.09

See accompanying notes

Galileo Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
CLASS A		
Net Asset Value, Beginning of Period	\$ 13	\$ -
Adjustment for New Accounting Standards (note 2)	-	-
Net Assets, Beginning of Period	13	-
Increase (Decrease) in Net Assets from Operations	(209,713)	1
Distributions Paid or Payable to Unitholders		
From net realized capital gains	(25,557)	(2)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	5,635,599	12
Amount received from reinvestment of distributions	25,320	2
Amount paid on redemptions of units	(2,560,397)	-
	3,100,522	14
Increase in Net Assets for the Period	2,865,252	13
Net Assets at End of Period	\$ 2,865,265	\$ 13

CLASS F

Net Asset Value, Beginning of Period	\$ 1,946,559	\$ 1,767,039
Adjustment for New Accounting Standards (note 2)	(14,841)	-
Net Assets, Beginning of Period	1,931,718	1,767,039
Increase in Net Assets from Operations	434,420	163,536
Distributions Paid or Payable to Unitholders		
From net realized capital gains	(24,270)	(201,484)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	530,046	18,000
Amount received from reinvestment of distributions	24,270	201,484
Amount paid on redemptions of units	(1,261,526)	(2,016)
	(707,210)	217,468
Increase (Decrease) in Net Assets for the Period	(297,060)	179,520
Net Assets at End of Period	\$ 1,634,658	\$ 1,946,559

See accompanying notes

Galileo Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES			
	Energy - 22.71%		
35,000	CGX Energy Inc.	84,593	132,301
25,000	Creststreet Power & Income Fund L.P.	131,307	142,750
96,500	EarthFirst Canada Inc.	202,115	169,840
70,000	EarthFirst Canada Inc., Warrants, 11/12/2009, \$2.60	15,732	17,500
100,000	NaiKun Wind Energy Group Inc.	182,425	332,000
10,000	Pacific Stratus International Energy Ltd.	139,067	122,400
241,300	Rochester Energy Corporation	162,128	104,966
100,000	Rochester Energy Corporation, Warrants, 7/19/09, \$1.00	-	-
5,250	Western Canadian Coal Corp., Warrants, 6/28/2012	-	-
		917,367	1,021,757
	Financials - 5.06%		
800	Fairfax Financial Holdings Limited	219,800	227,848
	Industrials - 3.50%		
50,000	Zongshen PEM Power Systems Inc.	152,794	157,580
	Materials - 19.03%		
15,000	Aquiline Resources Inc.	149,833	136,500
10,000	Banro Corporation	115,525	113,000
60,000	Benton Resources Corp.	76,345	48,000
50,000	Eastern Platinum Limited	109,347	143,000
40,000	Fancamp Exploration Ltd.	84,839	56,800
27,500	Osisko Exploration Ltd.	159,965	161,150
225,000	Sparton Resources Inc.	85,969	63,000
60,000	Waratah Coal Inc.	164,936	135,000
		946,759	856,450
	Utilities - 7.66%		
20,000	Plutonic Power Corporation	117,151	149,400
50,000	US Geothermal Inc.	174,599	195,249
		291,750	344,649
Total Canadian equities - 57.96%		2,528,470	2,608,284
FOREIGN EQUITIES			
	Consumer Staples - 1.97%		
90,000	Neo-Neon Holdings Limited	133,101	88,627

See accompanying notes

Galileo Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
FOREIGN EQUITIES (cont'd)			
	Energy - 3.03%		
5,000	Covanta Holding Corporation	134,334	136,199
	Industrials - 21.27%		
100,000	Asia Environment Holding Ltd.	58,637	55,537
240,000	China Everbright International Ltd.	86,053	118,170
60,000	China High Speed Transmission Equipment Co. Ltd.	118,724	157,965
5,200	Hong Kong Aircraft Engineering Co. Ltd.	129,885	139,404
70,000	Luks Group (Vietnam Holdings) Co. Ltd.	87,566	84,349
134,000	Sinofert Holdings Ltd.	104,381	123,136
8,000	Solar Integrated Technologies Inc.	15,714	15,560
2,000	Terra Industries Inc.	64,593	94,037
3,500	ZhongDe Waste Technology AG	167,454	169,188
		833,007	957,346
	Information Technology - 2.63%		
5,500	China Security & Surveillance Technology Inc.	114,252	118,552
	Materials - 8.10%		
1,200	Cleveland-Cliffs Inc.	97,529	118,884
20,000	Felix Resources Limited	104,361	138,655
50,000	Straits Asia Resources Limited	108,775	106,617
		310,665	364,156
Total Foreign equities - 37.00%		1,525,359	1,664,880
MUTUAL FUNDS			
47	Galileo Money Market Fund*	472	472
Total mutual funds - 0.01%		472	472
Total investments		4,054,301	4,273,636
Transaction costs (note 2)		(25,682)	
Total investments - 94.97%		4,028,619	4,273,636
Other assets, net of liabilities - 5.03%			226,287
Total net assets - 100.00%			4,499,923

* Refer to Galileo Money Market's Statement of Investment Portfolio as at December 31, 2007 for its asset composition.
See accompanying notes

Galileo Fund

SCHEDULE OF DERIVATIVE INVESTMENTS

As at December 31, 2007

Forward Currency Contracts Counterparty	Delivery date	Currency bought	Par Value	Currency sold	Par Value	Contract price	Market price	Unrealized loss
CIBC Mellon Global Security	1/2/2008	CAD	24,366	USD	24,975	1.0250	1.0132	(\$283)
Service Company	1/2/2008	GBP	8,056	CAD	15,916	1.9757	1.9646	(89)
	1/3/2008	HKD	169,864	CAD	21,627	0.1273	0.1266	(125)
	1/3/2008	SGD	16,264	CAD	11,211	0.6893	0.6858	(58)
	1/4/2008	CAD	50,908	USD	51,941	1.0203	1.0133	(353)
	1/4/2008	CAD	23,767	USD	24,249	1.0203	1.0133	(165)
								(\$1,073)

See accompanying notes

Galileo Global Active/Passive Fund

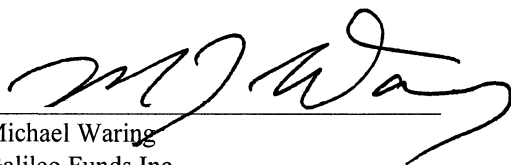
STATEMENTS OF NET ASSETS

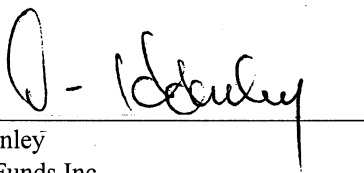
As at December 31

	2007	2006
Assets		
Investments at fair value	\$ 2,413,148	\$ 477,216
Cash including foreign currency holdings, at fair value	345,543	46,765
Accrued interest and dividends receivable	2,341	140
Receivable for portfolio securities sold	51,263	2,369
Receivable for units issued	-	11,465
Unrealized gain on derivatives	-	4
	2,812,295	537,959
Liabilities		
Payable for portfolio securities purchased	28,309	19,751
Unrealized loss on derivatives	475	-
Accrued expenses	7,677	448
	36,461	20,199
Net Assets representing unitholders' equity	\$ 2,775,834	\$ 517,760
Total Net Assets per Class		
Class A	\$ 1,379,820	\$ 153,262
Class F	\$ 1,396,014	\$ 364,498
Net Asset Value per Unit (note 5)		
Class A	\$ 11.92	\$ 12.31
Class F	\$ 12.09	\$ 12.35

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

For the periods ended December 31

	2007	2006
Income		
Interest	\$ 7,252	\$ 465
Dividends	38,191	305
Loss on derivatives	(11,459)	(77)
Other income	-	32
	33,984	725
Expenses (note 6)		
Management fees	33,682	433
Custodial fees	63,864	5,846
Audit fees	8,420	12,036
Legal and regulatory fees	27,128	29,047
	133,094	47,362
Expenses waived/absorbed by the Manager	88,268	46,914
	44,826	448
Net Investment Income (Loss)	(10,842)	277
Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on sale of investments	(28,950)	683
Net realized loss on foreign currency	(18,860)	(112)
Transaction costs (notes 2 and 8)	(33,727)	-
Change in unrealized appreciation/depreciation of investments	(111,813)	7,635
Net Gain (Loss) on Investments	(193,350)	8,206
Increase (Decrease) in Net Assets from Operations	\$ (204,192)	\$ 8,483
Increase (Decrease) in Net Assets from Operations per Class		
Class A	\$ (106,637)	\$ 985
Class F	\$ (97,555)	\$ 7,498
Increase (Decrease) in Net Assets from Operations per Unit		
Class A	\$ (1.22)	\$ 0.26
Class F	\$ (1.09)	\$ 0.34

See accompanying notes

Galileo Global Active/Passive Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
CLASS A		
Net Assets, Beginning of Period	\$ 153,262	\$ -
Adjustment for New Accounting Standards (note 2)	(102)	-
Adjusted Net Assets, Beginning of Period	153,160	-
Increase (Decrease) in Net Assets from Operations	(106,637)	985
Distributions Paid or Payable to Unitholders		
From net investment income	-	(124)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	1,358,882	152,277
Amount received from reinvestment of distributions	-	124
Amount paid on redemptions of units	(25,585)	-
	1,333,297	152,401
Increase in Net Assets for the Period	1,226,660	153,262
Net Assets at End of Period	\$ 1,379,820	\$ 153,262
CLASS F		
Net Assets, Beginning of Period	\$ 364,498	\$ -
Adjustment for New Accounting Standards (note 2)	(242)	-
Adjusted Net Assets, Beginning of Period	364,256	-
Increase (Decrease) in Net Assets from Operations	(97,555)	7,498
Distributions Paid or Payable to Unitholders		
From net investment income	-	(222)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	1,294,151	357,000
Amount received from reinvestment of distributions	-	222
Amount paid on redemptions of units	(164,838)	-
	1,129,313	357,222
Increase in Net Assets for the Period	1,031,758	364,498
Net Assets at End of Period	\$ 1,396,014	\$ 364,498

See accompanying notes

Galileo Global Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES			
	Materials - 5.52%		
5,000	Aquiline Resources Inc.	45,448	45,500
2,000	Banro Corp.	23,679	22,600
8,000	Osisko Exploration Ltd.	47,233	46,880
17,000	Waratah Coal Inc.	45,761	38,250
		162,121	153,230
	Energy - 7.04%		
10,000	CGX Energy Inc.	23,584	37,800
19,300	EarthFirst Canada Inc.	40,420	33,968
33,200	EarthFirst Canada Inc., Warrants, 11/12/2009, \$2.60	9,002	8,300
20,000	NaiKun Wind Energy Group Inc.	62,706	66,400
4,000	Pacific Stratus Energy Ltd.	53,353	48,960
100	Rochester Energy Corp.	44	44
		189,109	195,472
Total Canadian equities - 12.56%		351,230	348,702
FOREIGN EQUITIES			
	Materials - 5.26%		
460	Anglo American PLC, ADR	15,455	13,788
211	Bayer AG, ADR	16,321	18,990
287	BHP Billiton Ltd., ADR	16,388	19,839
5,000	Felix Resources Ltd.	24,855	34,664
54	Rio Tinto PLC, ADR	16,229	22,379
17,000	Straits Asia Resources Ltd.	36,654	36,250
		125,902	145,910
	Energy - 6.81%		
218	BP PLC, ADR	16,353	15,491
186	Chevron Corp.	16,311	17,100
206	ConocoPhillips	16,318	17,942
2,000	Covanta Holding Corp.	54,515	54,480
215	Eni SPA, ADR	16,347	15,369
183	ExxonMobil Corp.	16,376	16,912
204	Royal Dutch Shell PLC, ADR, Class 'A'	16,364	16,926
194	Schlumberger Ltd.	16,382	18,795
197	TOTAL SA, ADR	16,381	16,060
		185,347	189,075

See accompanying notes

Galileo Global Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
FOREIGN EQUITIES (cont'd)			
	Consumer Discretionary - 5.23%		
407	CVS Corp.	16,388	15,935
175	DaimlerChrysler AG, Registered	16,333	16,517
435	Honda Motor Co. Ltd., ADR	16,376	14,228
452	Kraft Foods Inc., Class 'A'	16,426	14,534
295	McDonald's Corp.	16,363	17,128
361	Koninklijke Philips Electronics NV, ADR	16,394	15,231
268	Sony Corp., ADR	16,399	14,362
692	Time Warner Inc.	16,417	11,249
123	Toyota Motor Corp.	16,345	12,888
412	Walt Disney Co. (The)	16,429	13,122
		163,870	145,194
	Industrials - 18.38%		
174	3M Co.	16,316	14,480
653	ABB Ltd., ADR	16,475	18,561
242	ArcelorMittal, Registered	16,570	18,474
45,000	Asia Environment Holding Ltd.	26,340	24,992
113	BASF AG, ADR	16,130	16,511
157	Boeing Co. (The)	16,330	13,537
80,000	China Everbright International	29,829	39,390
18,000	China High Speed Transmission Equipment Co. Ltd.	35,612	47,389
399	General Electric Co.	16,403	14,562
1,200	Hong Kong Aircraft Engineering Co. Ltd.	29,895	32,170
30,000	Luks Group (Vietnam Holdings) Co. Ltd.	37,843	36,150
724	Matsushita Electric Industrial Co. Ltd., ADR	16,404	14,605
26,000	Shenzhen Expressway Co. Ltd., Class 'H'	27,918	27,775
120	Siemens AG, ADR	16,277	18,637
40,000	Sinofert Holdings Ltd.	29,992	36,757
2,000	Solar Integrated Technologies Inc.	3,929	3,890
211	United Parcel Service Inc., Class 'B'	16,395	14,704
217	United Technologies Corp.	16,373	16,365
4,000	Weichai Power Co. Ltd., Class 'H'	31,619	28,606
1,500	ZhongDe Waste Technology AG	73,530	72,509
		490,180	510,064

See accompanying notes

Galileo Global Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
FOREIGN EQUITIES (cont'd)			
	Telecommunication Services - 5.67%		
374	AT&T Inc.	16,379	15,318
233	BT Group PLC, ADR	16,364	12,399
849	Deutsche Telekom AG, ADR	16,435	18,158
300	Enel SPA, ARD	16,807	17,608
497	France Telecom SA, ADR	16,397	17,477
31	Google Inc., Class 'A'	16,128	21,152
217	Telefonica SA, ADR	16,364	20,873
361	Verizon Communications Inc.	16,369	15,548
509	Vodafone Group PLC, ADR	16,419	18,748
		147,662	157,281
	Financials - 10.56%		
671	Allianz SE, ADR	16,423	14,073
235	American Express Co.	16,390	12,065
208	American International Group Inc.	16,364	11,944
326	AXA, ADR	16,396	12,777
603	Banco Bilbao Vizcaya Argentaria SA, ADR	16,423	14,432
814	Banco Santander Central Hispano SA, ADR	16,425	17,305
290	Bank of America Corp.	16,367	11,775
338	Bank of New York Mellon Corp.	16,151	16,262
256	Barclays PLC, ADR	16,342	10,139
274	Citigroup Inc.	16,367	7,926
196	Credit Suisse Group, ADR	16,323	11,626
94	Deutsche Bank AG, Registered	16,338	11,987
65	Goldman Sachs Group Inc.	16,257	13,773
158	HSBC Holdings PLC, ADR	16,291	13,054
326	ING Groep NV, ADR	16,399	12,519
284	JPMorgan Chase & Co.	16,394	12,210
317	Lloyds TSB Group PLC, ADR	16,375	11,758
160	Merrill Lynch & Co. Inc.	16,350	8,470
1,341	Mitsubishi UFJ Financial Group Inc., ADR	16,419	12,348
173	Morgan Stanley	16,344	9,049
233	UBS AG, Registered	16,398	10,578
432	U.S. Bancorp	16,392	13,503
305	Wachovia Corp.	16,312	11,415
414	Wells Fargo & Co.	16,396	12,299
		392,636	293,287

See accompanying notes

Galileo Global Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
FOREIGN EQUITIES (cont'd)			
	Health Care Services - 5.37%		
255	Abbott Laboratories	16,372	14,096
246	Amgen Inc.	16,349	11,275
278	AstraZeneca PLC, ADR	16,423	11,749
498	Bristol-Myers Squibb Co.	16,408	13,035
264	GlaxoSmithKline PLC, ADR	16,358	13,129
232	Johnson & Johnson	16,314	15,252
278	Medtronic Inc.	16,358	13,773
283	Merck & Co. Inc.	16,380	16,228
259	Novartis AG, ADR	16,387	13,883
551	Pfizer Inc.	16,423	12,339
317	Sanofi-Aventis, ADR	16,371	14,245
		180,143	149,004
	Information Technology - 7.67%		
115	Apple Computer Inc.	16,469	22,481
254	Canon Inc., ADR	16,412	11,489
2,000	China Security & Surveillance Technology Inc.	41,367	43,110
547	Cisco Systems Inc.	16,390	14,598
335	Hewlett-Packard Co.	16,385	16,674
144	IBM Corp.	16,406	15,336
666	Intel Corp.	16,386	17,484
488	Microsoft Corp.	16,408	17,141
583	Nokia OYJ, ADR	16,389	22,089
778	Oracle Corp.	16,416	17,292
304	SAP AG, ADR	16,503	15,317
		205,531	213,011
	Utilities - 1.19%		
188	Exelon Corp.	16,108	15,122
220	National Grid PLC, ADR	17,381	18,023
		33,489	33,145

See accompanying notes

Galileo Global Active/Passive Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
FOREIGN EQUITIES (cont'd)			
	Consumer Staples - 8.23%		
213	Altria Group Inc.	16,370	15,876
232	British American Tobacco PLC, ADR	16,406	17,913
10,000	China Resources Enterprise Ltd.	38,966	42,086
282	Coca-Cola Co. (The)	16,364	17,050
174	Diageo PLC, ADR	16,314	14,740
40,000	Neo-Neon Holdings Ltd.	58,588	39,390
140	Nestle SA, ADR, Registered	16,102	15,866
220	Pepsico Inc.	16,381	16,448
238	Procter & Gamble Co.	16,368	17,218
481	Unilever NV, (New York Shares)	16,417	17,308
311	Wal-Mart Stores Inc.	16,398	14,580
		244,674	228,475
Total Foreign equities - 74.37%		2,169,434	2,064,446
Total investments		2,520,664	2,413,148
Transaction costs (note 2)		(3,598)	
Total investments - 86.93%		2,517,066	2,413,148
Other assets, net of liabilities - 13.07%			362,686
Total net assets - 100.00%			2,775,834

See accompanying notes

Galileo Global Active/Passive Fund

SCHEDULE OF DERIVATIVE INVESTMENTS

As at December 31, 2007

Forward Currency Contracts Counterparty	Delivery date	Currency bought	Par Value	Currency sold	Par Value	Contract price	Market price	Unrealized loss
CIBC Mellon Global Security	1/2/2008	GBP	2,014	CAD	3,979	1.97570	1.96462	(\$22)
Service Company	1/3/2008	HKD	28,311	CAD	3,605	0.12659	0.12659	(21)
	1/3/2008	HKD	39,823	CAD	5,070	0.12658	0.12658	(29)
	1/3/2008	SGD	8,132	CAD	5,606	0.68578	0.68578	(29)
	1/3/2008	SGD	5,954	CAD	4,104	0.68578	0.68578	(21)
	1/4/2008	CAD	50,908	USD	51,941	1.02030	1.01328	(353)
								(\$475)

See accompanying notes

Galileo High Income Plus Fund

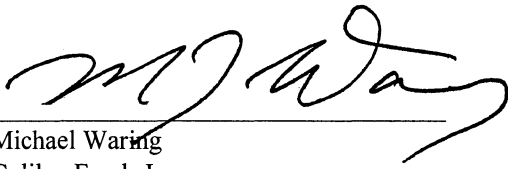
STATEMENTS OF NET ASSETS

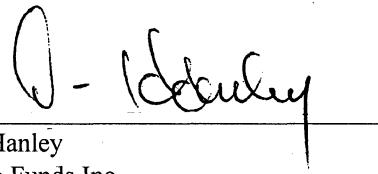
As at December 31

	2007	2006
Assets		
Investments at fair value	\$ 3,010,883	\$ 603,418
Cash including foreign currency holdings, at fair value	334,696	79,728
Accrued interest and dividends receivable	34,588	5,864
Receivable for units issued	46,642	-
	3,426,809	689,010
Liabilities		
Payable for portfolio securities purchased	86,498	1,919
Accrued expenses	9,306	656
Distributions payable to unitholders	7,119	-
	102,923	2,575
Net Assets representing unitholders' equity	\$ 3,323,886	\$ 686,435
Total Net Assets per Class		
Class A	\$ 3,130,967	\$ 529,733
Class F	\$ 192,919	\$ 156,702
Net Asset Value per Unit (note 5)		
Class A	\$ 12.53	\$ 12.53
Class F	\$ 12.69	\$ 12.53

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

For the periods ended December 31

	2007	2006
Income		
Interest	\$ 142,074	\$ 800
Dividends	16,495	6,087
Other income	-	29
	158,569	6,916
Expenses (note 6)		
Management fees	39,595	573
Custodial fees	32,428	5,370
Audit fees	9,054	12,036
Legal and regulatory fees	27,128	29,047
	108,205	47,026
Expenses waived/absorbed by the Manager	58,146	46,370
	50,059	656
Net Investment Income	108,510	6,260
Realized and Unrealized Gain (Loss) on Investments		
Net realized gain (loss) on sale of investments	(104,026)	219
Transaction costs (notes 2 and 8)	(15,597)	-
Change in unrealized appreciation/depreciation of investments	(21,777)	2,045
Net Gain (Loss) on Investments	(141,400)	2,264
Increase (Decrease) in Net Assets from Operations	\$ (32,890)	\$ 8,524
Increase (Decrease) in Net Assets from Operations per Class		
Class A	\$ (41,046)	\$ 1,822
Class F	\$ 8,156	\$ 6,702
Increase (Decrease) in Net Assets from Operations per Unit		
Class A	\$ (0.29)	\$ 0.12
Class F	\$ 0.60	\$ 0.53

See accompanying notes

Galileo High Income Plus Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
CLASS A		
Net Assets, Beginning of Period	\$ 529,733	\$ -
Adjustment for New Accounting Standards (note 2)	(1,699)	-
Adjusted Net Assets, Beginning of Period	528,034	-
Increase (Decrease) in Net Assets from Operations	(41,046)	1,822
Distributions Paid or Payable to Unitholders		
From net investment income	(99,589)	(336)
From net realized capital gains	-	(240)
Return of capital	(51,785)	-
	(151,374)	(576)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	2,970,865	527,957
Amount received from reinvestment of distributions	109,993	530
Amount paid on redemptions of units	(285,505)	-
	2,795,353	528,487
Increase in Net Assets for the Period	2,602,933	529,733
Net Assets at End of Period	\$ 3,130,967	\$ 529,733

CLASS F

Net Assets, Beginning of Period	\$ 156,702	\$ -
Adjustment for New Accounting Standards (note 2)	(503)	-
Adjusted Net Assets, Beginning of Period	156,199	-
Increase (Decrease) in Net Assets from Operations	8,156	6,702
Distributions Paid or Payable to Unitholders		
From net investment income	(6,147)	(60)
From net realized capital gains	-	(70)
Return of capital	(5,479)	-
	(11,626)	(130)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	168,615	150,000
Amount received from reinvestment of distributions	11,575	130
Amount paid on redemptions of units	(140,000)	-
	40,190	150,130
Increase in Net Assets for the Period	36,720	156,702
Net Assets at End of Period	\$ 192,919	\$ 156,702

See accompanying notes

Galileo High Income Plus Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of shares/units/ par value		Average cost \$	Fair value \$
CANADIAN EQUITIES			
	Consumer Staples - 4.50%		
23,000	Royal Host REIT	163,565	149,500
	Energy - 25.63%		
10,000	Black Diamond Income Fund	88,463	122,300
4,500	Bonavista Energy Trust	131,391	127,710
7,000	Crescent Point Energy Trust	137,796	172,830
40,000	Creststreet Power & Income Fund L.P.	209,255	228,400
30,000	Essential Energy Services Trust	152,456	91,500
6,000	Newalta Income Fund	128,070	109,200
		847,431	851,940
	Financials - 7.56%		
6,500	DirectCash Income Fund	95,725	79,300
7,000	GMP Capital Trust	156,065	172,200
		251,790	251,500
	Industrial Products - 6.96%		
16,000	Westshore Terminals Income Fund	224,233	231,360
	Materials - 9.36%		
8,000	Acadian Timber Income Fund	90,082	80,800
6,000	Fording Canadian Coal Trust	210,741	230,280
		300,823	311,080
	Utilities - 14.91%		
3,500	Bell Aliant Regional Communications Income Fund	107,044	103,005
9,000	EPCOR Power L.P.	217,781	209,340
15,000	Northland Power Income Fund	194,491	183,150
		519,316	495,495
	Total Canadian equities - 68.92%	2,307,158	2,290,875
PREFERRED SECURITIES			
	Corporate - 5.72%		
10,000	Bombardier Inc. Series B, variable rate, perpetual	193,903	190,100
	Total preferred securities - 5.72%	193,903	190,100

See accompanying notes

Galileo High Income Plus Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units/ par value		Average cost \$	Fair value \$
BONDS			
	Corporate - 3.98%		
140,000	Trinidad Energy Services Income Trust, 7.750%, 7/31/12	139,170	132,314
Total bonds - 3.98%		139,170	132,314
SHORT-TERM INVESTMENTS			
	Government - 11.96%		
200,000	Government of Canada Treasury Bills, 2/21/08, 3.75%	198,959	198,959
200,000	Government of Canada Treasury Bills, 3/6/08, 3.87%	198,635	198,635
Total short-term investments - 11.96%		397,594	397,594
Total investments		3,037,825	3,010,883
Transaction costs (note 2)		(6,275)	
Total investments - 90.58%		3,031,550	3,010,883
Other assets, net of liabilities - 9.42%			313,003
Total net assets - 100.00%			3,323,886

See accompanying notes

Galileo Money Market Fund

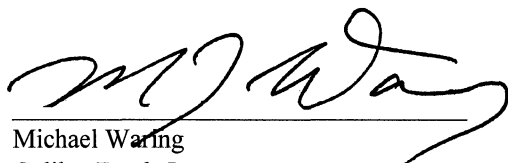
STATEMENTS OF NET ASSETS

As at December 31

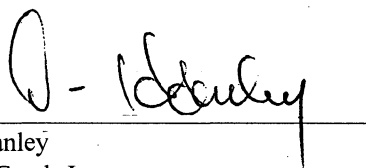
	2007	2006
Assets		
Investments at fair value	\$ 4,290,109	\$ 224,705
Cash	9,475	1,260
	4,299,584	225,965
Liabilities		
Accrued expenses	3,612	33
Net assets representing unitholders' equity	\$ 4,295,972	\$ 225,932
Net Asset Value per Unit (note 5)	\$ 10.00	\$ 10.00

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

For the periods ended December 31

	2007		2006	
Income				
Interest	\$	115,895	\$	965
Expenses (note 6)				
Management fees		12,904		125
Custodial fees		21,381		3,225
Audit fees		5,000		12,036
Legal and regulatory fees		27,128		31,717
		66,413		47,103
Expenses waived/absorbed by the Manager		50,507		47,070
		15,906		33
Net Investment Income		99,989		932
Increase in Net Assets from Operations	\$	99,989	\$	932
Increase in Net Assets from Operations per Unit	\$	0.40	\$	0.05

See accompanying notes

Galileo Money Market Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31

	2007	2006
Net Assets, Beginning of Period	\$ 225,932	\$ -
Adjustment for New Accounting Standards (note 2)	-	-
Adjusted Net Assets, Beginning of Period	225,932	-
Increase in Net Assets from Operations	99,989	932
Distributions Paid or Payable to Unitholders		
From net investment income	(99,989)	(932)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	8,247,656	225,000
Amount received from reinvestment of distributions	99,620	932
Amount paid on redemptions of units	(4,277,236)	-
	4,070,040	225,932
Increase in Net Assets for the Period	4,070,040	225,932
Net Assets at End of Period	\$ 4,295,972	\$ 225,932

See accompanying notes

Galileo Money Market Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Par Value		Average cost \$	Fair value \$
SHORT-TERM INVESTMENTS			
	Corporate - 99.86%		
755,000	Bank of Montreal Bearer Deposit Note, 2/12/08, 4.57%	751,054	751,054
500,000	Royal Bank of Canada Banker's Acceptance, 1/11/08, 4.66%	499,365	499,365
340,000	Royal Bank of Canada Banker's Acceptance, 1/29/08, 4.50%	338,831	338,831
536,000	Royal Bank of Canada Banker's Acceptance, 2/1/08, 4.59%	533,935	533,935
933,000	Royal Bank of Canada Banker's Acceptance, 2/13/08, 4.63%	927,966	927,966
410,000	Royal Bank of Canada Banker's Acceptance, 3/3/08, 4.65%	406,797	406,797
840,000	Royal Bank of Canada Banker's Acceptance, 3/14/08, 4.72%	832,161	832,161
Total short-term investments - 99.86%		4,290,109	4,290,109
Total investments - 99.86%		4,290,109	4,290,109
Other assets, net of liabilities - 0.14%			5,863
Total net assets - 100.00%			4,295,972

See accompanying notes

Galileo Small/Mid Cap Fund

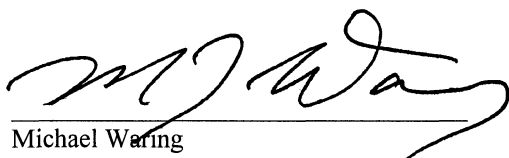
STATEMENTS OF NET ASSETS

As at December 31

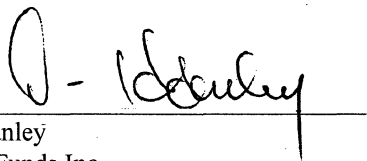
	2007	2006
Assets		
Investments at fair value	\$ 7,921,316	\$ 6,769,587
Cash including foreign currency holdings, at fair value	85,224	224,217
Accrued interest and dividends receivable	16,407	24,404
Receivable for units issued	9,542	-
	8,032,489	7,018,208
Liabilities		
Accrued expenses	17,842	23,532
Net Assets representing unitholders' equity	\$ 8,014,647	\$ 6,994,676
Total Net Assets per Class		
Class A	\$ 77,688	\$ 12
Class F	\$ 7,936,959	\$ 6,994,664
Net Asset Value per Unit (note 5)		
Class A	\$ 14.77	\$ 12.47
Class F	\$ 14.40	\$ 12.15

See accompanying notes

On behalf of Galileo Funds Inc., the Trustee:



Michael Waring
Galileo Funds Inc.



Peter Hanley
Galileo Funds Inc.

Galileo Small/Mid Cap Fund

STATEMENTS OF OPERATIONS

For the periods ended December 31,

	2007	2006
Income		
Interest	\$ 123,760	\$ 165,114
Dividends	58,889	48,408
Loss on derivatives	(5,743)	(3,235)
	176,906	210,287
Expenses (note 6)		
Management fees	70,634	8,616
Custodial fees	31,676	35,301
Audit fees	14,776	12,036
Legal and regulatory fees	27,128	29,047
	144,214	85,000
Expenses waived/absorbed by the Manager	34,584	47,845
	109,630	37,155
Net Investment Income	67,276	173,132
Realized and Unrealized Gain (Loss) on Investments		
Net realized gain on sale of investments	1,127,051	1,162,075
Net realized loss on foreign currency	(2,632)	(1,373)
Transaction costs (notes 2 and 8)	(41,805)	-
Change in unrealized appreciation/depreciation of investments	218,806	(550,218)
Net Gain on Investments	1,301,420	610,484
Increase in Net Assets from Operations	\$ 1,368,696	\$ 783,616
Increase (Decrease) in Net Assets from Operations per Class		
Class A	\$ (814)	\$ -
Class F	\$ 1,369,510	\$ 783,616
Increase (Decrease) in Net Assets from Operations per Unit		
Class A	\$ (0.13)	\$ 0.44
Class F	\$ 2.47	\$ 1.36

See accompanying notes

Galileo Small/Mid Cap Fund

STATEMENTS OF CHANGES IN NET ASSETS

For the periods ended December 31,

	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 (Decrease) in Net Assets from Operations	(814)	-
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	382,717	12
Amount paid on redemptions of units	(304,227)	-
	78,490	12
Increase in Net Assets for the Period	77,676	12
Net Assets at End of Period	\$ 77,688	\$ 12
CLASS F		
Net Assets, Beginning of Period	\$ 6,994,664	\$ 6,682,822
Adjustment for New Accounting Standards (note 2)	(23,652)	-
Adjusted Net Assets, Beginning of Period	6,971,012	6,682,822
Increase in Net Assets from Operations	1,369,510	783,616
Distributions Paid or Payable to Unitholders		
From net investment income	(74,864)	(173,712)
Changes Due to Unitholder Transactions		
Amount received from the issuance of units	1,998	-
Amount received from reinvestment of distributions	74,864	173,712
Amount paid on redemptions of units	(405,561)	(471,774)
	(328,699)	(298,062)
Increase in Net Assets for the Period	965,947	311,842
Net Assets at End of Period	\$ 7,936,959	\$ 6,994,664

See accompanying notes

Galileo Small/Mid Cap Fund

STATEMENT OF INVESTMENT PORTFOLIO

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
CANADIAN EQUITIES			
	Consumer Discretionary - 2.53%		
14,600	Yellow Pages Income Fund	202,181	202,794
	Energy - 12.03%		
175,000	NaiKun Wind Energy Group Inc.	171,580	581,000
12,300	Talisman Energy Inc.	259,979	225,828
15,000	Trinidad Energy Services Income Trust	98,732	157,500
		530,291	964,328
	Financials - 4.11%		
6,400	Cominar Real Estate Investment Trust	141,320	130,176
700	Fairfax Financial Holdings Limited	171,657	199,367
		312,977	329,543
	Industrials - 17.44%		
14,300	BFI Canada Income Fund	406,888	380,380
19,800	CAE Inc.	208,320	262,350
3,000	Finning International Inc.	59,382	85,920
8,800	ShawCor Ltd.	161,861	310,200
7,700	Sierra Wireless Inc.	163,875	113,113
5,100	SNC-Lavalin Group Inc.	139,467	245,514
		1,139,793	1,397,477
	Information Technology - 3.05%		
45,900	Allen-Vanguard Corporation	255,989	244,188
	Materials - 21.25%		
6,800	Agrium Inc.	315,961	487,356
3,500	Cameco Corporation	161,840	138,495
58,400	Eastern Platinum Limited	159,601	167,024
56,000	Equinox Minerals Limited	243,846	305,760
7,200	Newmont Mining Corporation of Canada Limited, Exchangeable Shares	323,699	348,192
20,000	Yamana Gold Inc.	260,800	256,200
		1,465,747	1,703,027
	Utilities - 1.12%		
9,500	Inter Pipeline Fund	91,594	90,060
Total Canadian equities - 61.53%		3,998,572	4,931,417

See accompanying notes

Galileo Small/Mid Cap Fund

STATEMENT OF INVESTMENT PORTFOLIO (cont'd)

As at December 31, 2007

Number of shares/units		Average cost \$	Fair value \$
FOREIGN EQUITIES			
	Energy - 2.86%		
8,400	Covanta Holding Corporation	235,465	228,814
	Utilities - 2.24%		
3,900	Gamesa Corporation Tecnologica SA	156,970	179,351
Total Foreign equities - 5.10%		392,435	408,165
MUTUAL FUNDS			
258,173	Galileo Money Market Fund*	2,581,734	2,581,734
Total mutual funds - 32.21%		2,581,734	2,581,734
Total investments		6,972,741	7,921,316
Transaction costs (note 2)		(21,152)	
Total investments - 98.84%		6,951,589	7,921,316
Other assets, net of liabilities - 1.16%			93,331
Total net assets - 100.00%			8,014,647

* Refer to Galileo Money Market's Statement of Investment Portfolio as at December 31, 2007 for its asset composition.

See accompanying notes

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

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. ADOPTION OF 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.

The provisions of Section 3855 have been applied retrospectively without restatement of prior periods. Accordingly, the opening net asset value in the Statements of Changes in Net Assets for the year ended December 31, 2007 have been adjusted.

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 generally accepted accounting principles ("GAAP"). The CSA has granted relief to investment funds from complying on an interim basis with Section 3855, for the purpose of calculating and reporting Net Asset Value (other than for financial reporting purposes). This is to permit review of the suitability of these financial reporting requirements for the purpose of calculating 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

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

2. ADOPTION OF NEW ACCOUNTING STANDARDS (cont'd)

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. Refer to Note 9 for this reconciliation as at December 31, 2007.

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.
- ii. Securities with no available bid prices are valued at the closing sale prices.
- iii. Securities not listed upon a recognized public exchange are valued using valuation techniques, on such basis and in such manner established by the Funds' Manager.
- iv. Short-term notes, treasury bills and bonds are valued at the average bid quotations from recognized investment dealers.
- v. Warrants which do not have a quoted bid price are valued using the Black-Scholes model for valuation unless sufficient and reliable observable market inputs are not available. If no such market inputs are available, the warrants are carried at the difference between the exercise price and the quoted bid price of the underlying security if the exercise price is lower than the quoted bid price.

(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 commissions 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 funds in using either of these methods. The cost of investments for each security is determined on an average cost basis.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles within the framework of the significant accounting policies summarized below:

Use of estimates

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Significant estimates include the valuation of investments. Actual results could differ from those estimates.

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

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

Translation of foreign currencies

Purchases and sales of investments and investment income denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing on the respective dates of the transactions.

Realized and unrealized foreign currency gains or losses on investments are included in the Statements of Operations in "Net realized gain (loss) on sale of investments" and "change in unrealized appreciation/depreciation of investments."

Realized foreign currency gains or losses on assets, liabilities and income other than investments denominated in foreign currency are included in the Statements of Operations in "Net realized gain (loss) on foreign currency".

The fair values of investments, short-term notes and other assets and liabilities are translated into Canadian dollars at the rates of exchange prevailing at the end of the period.

Investment transactions and income recognition

Investment transactions are accounted for on the trade date. Gains and losses arising from the sale of investments are determined using the average cost basis. Income and expenses are recorded on an accrual basis with dividend income being recorded on the ex-dividend date. Distributions from income trusts, mutual funds and REITs are recognized on the ex-distribution date and are recorded as income, capital gains or a return of capital, based on the best information available to the Funds' Manager. Distributions from investment trusts that are treated as a return of capital for income tax purposes reduce the average cost of the underlying investment.

Fund unit transactions and valuation

The units of each class of the Funds are issued and redeemed at their net asset value per unit. The units of the Funds are valued on each "Valuation Date". The Funds are valued on each day the markets trade. The net asset value per unit is calculated by dividing the excess of the Fund's assets over its liabilities by the number of units outstanding for that class on that day.

The net assets of each class is computed by calculating the value of that class' proportionate share of the Fund's assets less that class' proportionate share of the Fund's common liabilities, and less any class specific liabilities.

Expenses directly attributable to a class are charged to that class while common fund expenses are allocated to each class in a reasonable manner as determined by the Funds' Manager.

Income and realized and unrealized gains and losses are allocated to each class based on their relative average net asset value.

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

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

Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit in the Statements of Operations represents the net increase (decrease) in net assets from operations for the year, by class, divided by the weighted average units outstanding per class during the year.

Foreign currency contracts

Foreign currency contracts are valued at the gain or loss that would be realized if, on the valuation date, the positions were closed out. They are reflected in the Statements of Operations as part of "change in unrealized appreciation/depreciation on investments" and in the Statements of Net Assets in "unrealized gain or loss on derivatives". When foreign currency contracts are closed out, gains and losses are realized and are included in "gain or loss on derivatives" in the Statements of Operations.

4. DISTRIBUTION OF INCOME AND CAPITAL GAINS

Net investment income and net realized capital gains are distributed by the issuance of an equivalent amount of units in the Funds, such that the Funds are not subject to tax. Distributions are recorded on the business day immediately following the record date.

For the Galileo Money Market Fund, all of the net investment income is credited to the unitholders pro rata on a daily basis and paid monthly.

For the Galileo High Income Plus Fund, the net investment income is distributed to unitholders monthly and net realized capital gains on the sale of investments are distributed to unitholders annually at the end of the calendar year.

For the other Galileo Funds, the net investment income and net realized capital gains on the sale of investments are distributed to unitholders annually at the end of the calendar year.

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

5. 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 income and net realized capital gains on a proportionate basis. Unit transactions during the years were as follows:

January 1 to December 31st, 2007

Fund	Units Outstanding			Reinvested from Distributions	Units Outstanding End of Year
	Beginning of Year	Issued	Redeemed		
Galileo Absolute Return					
Class A	1	2,907	636	360	2,632
Class F	248,420	10,115	68,419	22,531	212,647
Galileo Canadian Active/Passive					
Class A	1	32,219	2,718	116	29,618
Class F	12,521	8,563	-	302	21,386
Galileo Fund					
Class A	1	412,124	191,305	1,946	222,766
Class F	168,295	36,659	87,381	1,752	119,325
Galileo Global Active/Passive					
Class A	12,453	105,326	2,057	-	115,722
Class F	29,510	98,438	12,508	-	115,440
Galileo High Income Plus					
Class A	42,268	221,156	21,837	8,376	249,963
Class F	12,510	12,107	10,279	868	15,206
Galileo Money Market					
Class A	22,593	824,766	427,724	9,962	429,597
Galileo Small/Mid Cap					
Class A	1	25,791	20,532	-	5,260
Class F	575,693	158	29,768	5,181	551,264

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

5. UNITS OF THE FUNDS (cont'd)

January 1 to December 31st, 2006

Fund	Units Outstanding		Redeemed	Reinvested from Distributions	Units Outstanding End of Year
	Beginning of Year	Issued			
Galileo Absolute Return					
Class A	-	1	-	-	1
Class F	193,282	26,846	1,338	29,630	248,420
Galileo Canadian Active/Passive					
Class A	-	1	-	-	1
Class F	-	12,500	-	21	12,521
Galileo Fund					
Class A	-	1	-	-	1
Class F	149,586	1,450	161	17,420	168,295
Galileo Global Active/Passive					
Class A	-	12,443	-	10	12,453
Class F	-	29,492	-	18	29,510
Galileo High Income Plus					
Class A	-	42,226	-	42	42,268
Class F	-	12,500	-	10	12,510
Galileo Money Market					
Class A	-	22,500	-	93	22,593
Galileo Small/Mid Cap					
Class A	-	1	-	-	1
Class F	600,976	-	39,535	14,252	575,693

6. EXPENSES

The Funds' Manager began charging management fees directly to the Funds upon the receipt of the simplified prospectus on November 14th, 2006. 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.

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

6. EXPENSES (cont'd)

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:

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.

7. INCOME TAXES

The Funds are unit trusts under the provisions of the Income Tax Act (Canada) and accordingly, are subject to taxes on their net investment income, including net realized capital gains for the period which are not paid or payable to their unitholders as at the end of the year. The Funds pay out sufficient net investment income and net realized capital gains to unitholders so that no provision for income taxes is required in the financial statements. Occasionally, distributions by a fund will exceed the net investment income and taxable capital gains realized by the fund. To the extent that the excess is not designated by the fund to be income for Canadian tax purposes and taxable to the unitholders, this excess distribution is a return on capital and is not immediately taxable to unitholders.

As at December 31, 2007, the Funds had the following net capital and non-capital losses to be carried forward. The non-capital losses will expire in 2027.

Fund	Net Capital Loss	Total Non Capital Loss
Galileo Fund	-	75
Galileo Global Active/Passive Fund	37,854	13,345
Galileo Small/Mid Cap Fund	998,383	-
Galileo High Income Plus Fund	54,187	-

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

8. TRANSACTION COSTS

The total fees paid to brokers in connection with investment portfolio transactions for the periods ended December 31, 2007 and 2006 are as follows:

Fund	2007	2006
Galileo Absolute Return Fund	26,863	19,633
Galileo Canadian Active/Passive Fund	7,545	403
Galileo Fund	151,356	33,862
Galileo Global Active/Passive Fund	33,727	597
Galileo High Income Plus Fund	15,597	1,411
Galileo Money Market Fund	-	-
Galileo Small/Mid Cap Fund	41,805	42,822

9. 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 December 31, 2007, is as follows:

Fund	Transactional NAV \$	Adjustment for New Accounting Standards (note 2) \$	GAAP NAV \$
Galileo Absolute Return			
Class A	39,119	(133)	38,986
Class F	3,077,460	(10,832)	3,066,628
Galileo Canadian Active/Passive			
Class A	405,442	(1,948)	403,494
Class F	292,445	(1,392)	291,053
Galileo Fund			
Class A	2,897,876	(32,611)	2,865,265
Class F	1,652,540	(17,882)	1,634,658
Galileo Global Active/Passive			
Class A	1,385,017	(5,197)	1,379,820
Class F	1,401,272	(5,258)	1,396,014
Galileo High Income Plus			
Class A	3,144,159	(13,192)	3,130,967
Class F	193,736	(817)	192,919
Galileo Money Market			
Class A	4,295,972	-	4,295,972
Galileo Small/Mid Cap			
Class A	77,962	(274)	77,688
Class F	7,966,566	(29,607)	7,936,959

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

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

The reconciliation of GAAP NAV and Transactional NAV, on a per unit basis as at December 31, 2007, is as follows:

Fund	Transactional Adjustment for New Accounting		GAAP NAV \$
	NAV \$	Standards (note 2) \$	
Galileo Absolute Return			
Class A	14.87	0.06	14.81
Class F	14.47	0.05	14.42
Galileo Canadian Active/Passive			
Class A	13.69	0.07	13.62
Class F	13.67	0.06	13.61
Galileo Fund			
Class A	13.01	0.15	12.86
Class F	13.85	0.15	13.70
Galileo Global Active/Passive			
Class A	11.97	0.05	11.92
Class F	12.14	0.05	12.09
Galileo High Income Plus			
Class A	12.58	0.05	12.53
Class F	12.74	0.05	12.69
Galileo Money Market			
Class A	10.00	0.00	10.00
Galileo Small/Mid Cap			
Class A	14.82	0.05	14.77
Class F	14.45	0.05	14.40

10. SOFT DOLLARS

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

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

11. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value

Financial instruments of the Fund include cash, accrued income receivable, receivable for portfolio securities sold, payable for portfolio securities purchased and accrued expenses. There are no significant differences between the carrying values of these financial instruments and their fair value. Investments are carried at their fair values as described in note 2.

Market Risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security of its issuer or factors affecting all securities in the market. All trading instruments are recognized at fair value and all changes in market conditions directly affect increase (decrease) in net assets from operations.

Interest Rate Risk

The Funds are exposed to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its investments.

Currency Risk

The Funds may invest in financial instruments denominated in currencies other than the Canadian dollar. Consequently, certain Funds are exposed to risks that the exchange rate of its currency relative to other currencies may change in a manner that has an adverse effect on the value of the portion of the Funds' assets or liabilities denominated in currencies other than Canadian dollars.

Counterparty Risk

The Funds are exposed to counterparty or credit risk arising from its transactions with its counterparties and brokers, related to securities purchases and sales. Credit risk is the risk that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss.

Liquidity Risk

The Funds invest the majority of assets in investments that are traded in an active market and can be readily realized through sale.

12. 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.

Galileo Mutual Funds

Notes to the Financial Statements

For the periods ended December 31, 2007 and 2006

13. STATEMENT OF PORTFOLIO TRANSACTIONS

An unaudited statement of portfolio transactions for the Funds for the year ended December 31, 2007 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