



Annual Report
2005-2006



fonds|radio|star

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Fonds
Annual Report 2005-2006

RADIOSTAR

A large, solid green circle is positioned on the right side of the page. The word "RADIOSTAR" is printed in white, uppercase letters across the center of this circle. To the left of the circle, the word "Fonds" is written in a green font, and "Annual Report 2005-2006" is written in a black font below it.

Partners

ASTRAL MEDIA RADIO
BLACKBURN GROUP
CHUM
COGECO DIFFUSION
CORUS ENTERTAINMENT
GOLDEN WEST BROADCASTING
HALIBURTON BROADCASTING GROUP
HDL INVESTMENTS
H.F. DOUGALL COMPAGNY
LABBE MEDIA
MARITIME BROADCASTING SYSTEM
NEWCAP
RADIO EXPRESS
RADIO-NORD COMMUNICATIONS
RAWLCO COMMUNICATIONS
ROGERS BROADCASTING
STANDARD RADIO
VISTA BROADCAST GROUP
WESTMAN MEDIA COOPERATIVES



President's message

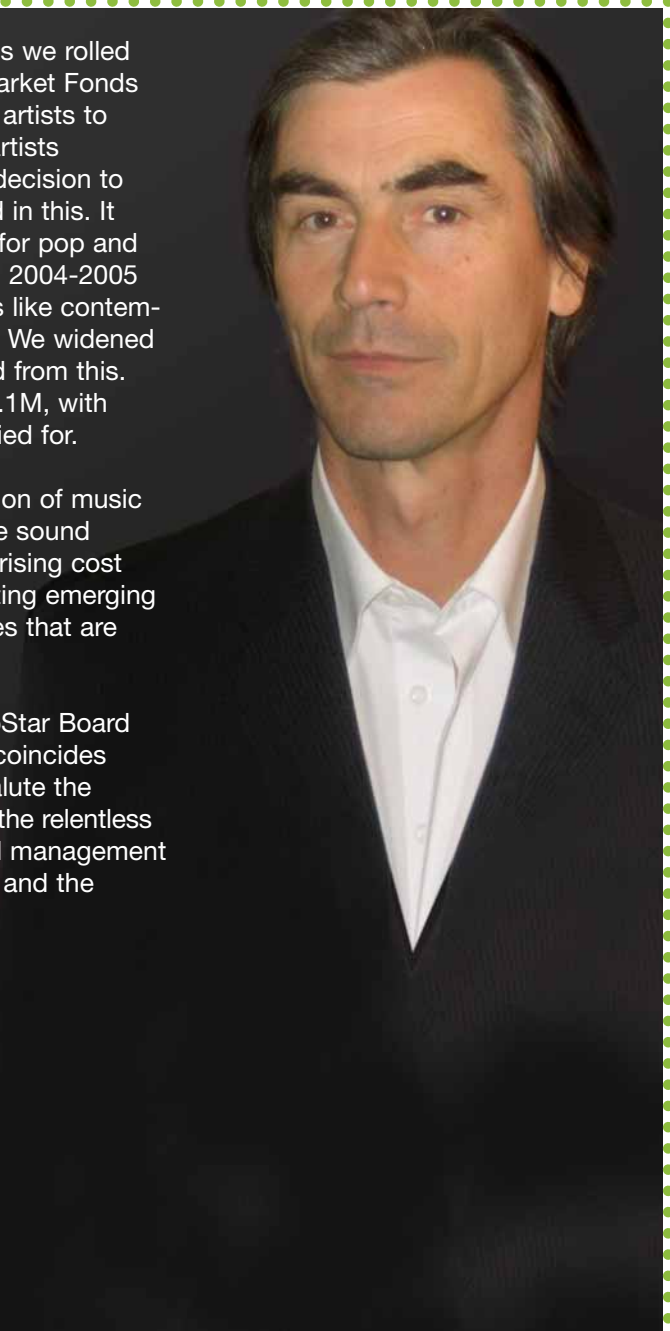
As we near our yearend, it is clear that the measures we rolled out during the year yielded results. Our efforts to market Fonds RadioStar outside Quebec made it possible for five artists to obtain funding from us. Financial aid for emerging artists accounted for over 75% of approved funding. Our decision to extend the programs to emerging labels had a hand in this. It was a good year for musical diversity, with funding for pop and pop rock projects dropping from 74% of total aid in 2004-2005 to 67% in 2005-2006, leaving more room for genres like contemporary folk, alternative rock, traditional and country. We widened access to music DVDs, and three projects benefited from this. And for the first time, approved funding reached \$3.1M, with nearly all applicants receiving the funding they applied for.

Despite these adjustments, the growing fragmentation of music markets and music styles made it impossible for the sound recording industry to offset revenue losses and the rising cost of promoting artists. Our challenge remains supporting emerging talent and musical diversity with marketing strategies that are in line with this new economy.

I have had the privilege of chairing the Fonds RadioStar Board of Directors these last two years, and this yearend coincides with the end of my five-year term on the Board. I salute the remarkable work of every Board member, as well as the relentless dedication, support and professionalism of the fund management team, the fund's General Manager, Andrée Ménard, and the Program Coordinator, Louise Chenail.



Denis Wolff
President
Fonds RadioStar



Fonds RadioStar

BACKGROUNDER

During the CRTC's 1997 Commercial Radio Policy Hearing, the Canadian Association of Broadcasters (CAB) recommended, as part of their proposal regarding concrete benefits resulting from transfers of ownership or control of radio undertakings, the establishment of a new Canadian music marketing and promotion fund. The proposal was entrenched in the CRTC's 1998 Policy on Commercial Radio (Public Notice CRTC 1998-41), allowing for 3% of the transaction value to be allocated to that fund when such transfers occur.

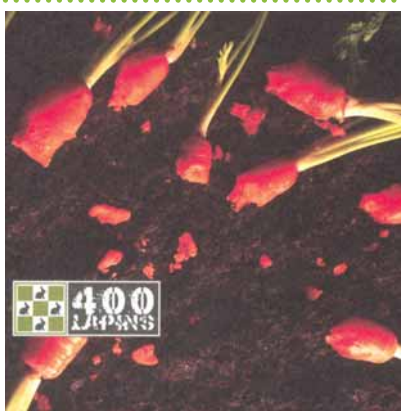
As requested by the CRTC, the CAB tabled, in September 2000, a proposal developed jointly with ADISQ outlining the structure and procedures of such a marketing fund, i.e. Fonds RadioStar, which was approved on November 9 of the same year. The CAB, in conjunction with representatives of Canadian industry, also presented a similar proposal for the English-speaking market, giving rise, in March 2001, to the Radio Starmaker Fund.

Since August 2001, the Fonds RadioStar has been supporting by way of financial contributions the marketing of French-language sound recordings in Canada. From the outset, the fund has been managed by the Fondation MUSICACTION, under the direction of the Fonds RadioStar Board of Directors. The fund's program and rules, which are completely separate from those of MUSICACTION, are managed independently.

OBJECTIVES

The fund's objectives are as follows:

- The purpose of the fund is to promote Canadian French-language music, referring requests for projects in a language other than French as well as instrumental music projects to the Radio Starmaker Fund.
- Funding is reserved for national marketing endeavours, i.e. aimed at the Canadian market.
- Designed primarily for emerging artists, the fund is intended "to advance the careers of Canada's rising stars producing popular Canadian content."
- Funding is allocated to artists through their record labels, provided these are Canadian owned and controlled, with the exception of Canadian artists residing outside Quebec, who are entitled to receive funding directly.
- Fonds RadioStar funding must constitute additional support, designed to complement existing funding from record labels as well as various public and private sources earmarked for the initial marketing phases.
- The fund's goal is to supply private radio broadcasters with quality, diversified francophone music.

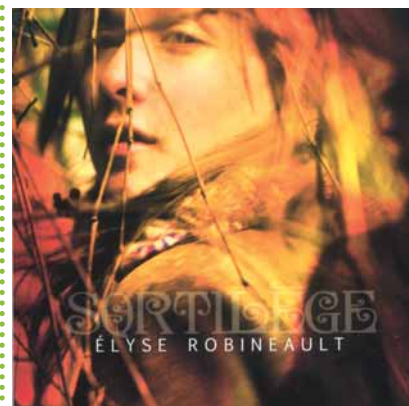
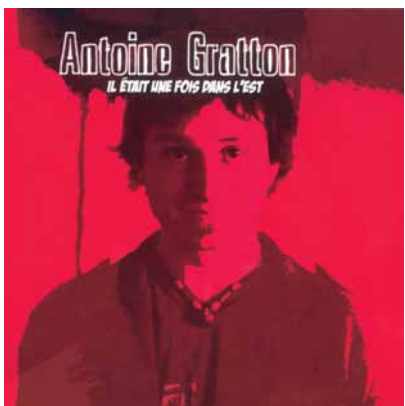


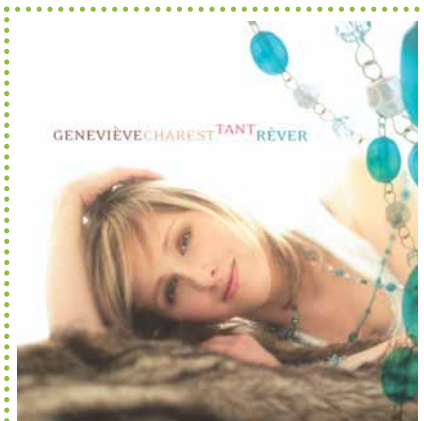
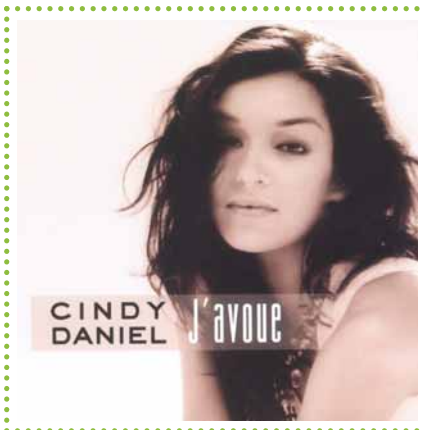
BOARD OF DIRECTORS

President	Denis Wolff	President Ho-Tune Musique
Vice-president	Jacques Papin	Vice-president, Corus Quebec Network
Treasurer	Paul Dupont-Hébert	Vice-president, Entertainment Zone 3
Secretary	Lilianne Randall	Music Director Rythme FM and Cogeco Network
Director	Charles Benoît	Vice-president, Programming Astral Media Radio
Director	Mathieu Drouin	President Tacca Musique
Director	Claude Laflamme	Vice-president, Corporate and Regulatory Affairs Astral Media Radio
Director	Claude Larivée	CEO Compagnie Larivée Cabot Champagne
Director	Jacques Primeau	President Productions Jacques K. Primeau
Director	Pierre Rodrigue	Vice-president, Development and technologies Astral Media radio

FUND MANAGEMENT

General Management	Andrée Ménard
Program Coordination	Louise Chenail
Information	Jacinthe Roy
Administration	Nicole Rouabah
External Auditor	Denis Thérien, CA





Changes made to the program

The Board of Directors adopted the following changes during the course of the 2005-2006 financial year:

TEMPORARY MEASURE RESPECTING MUSIC ENTREPRENEUR COMPONENT FIRMS

With the introduction of the Music Entrepreneur Component (MEC), a new program administered by the Department of Canadian Heritage, Fonds RadioStar needed to draft a formula for calculating the significant investment requirements for the sound recording firms the program is intended for. Since the significant investment represents the applicant's own financial contribution to a project, not including public funding, the new formula makes it possible to take into account the overall financial aid obtained by MEC recipients.

MUSICALS AND THEME COMPILATIONS

In June 2006, Fonds RadioStar resolved to continue to make musicals eligible for funding during the 2006-2007 year, and to also extend eligibility to theme compilations as per the criteria below:

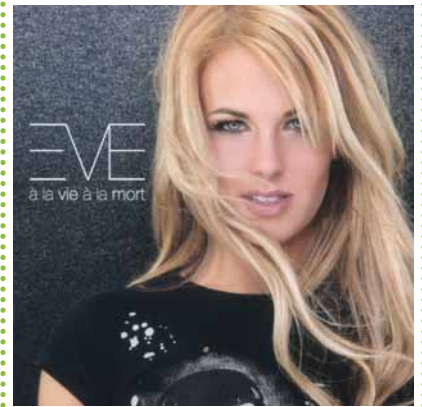
- Project involves primarily emerging artists (over 50%). Said emerging artists have not released more than two albums each.
- Funding limited to \$30,000 if one of the participating artists has sold over 100,000 copies of an album.
- Since supporting individual projects continues to be the focus of the program, aid for musicals and compilations is subject to the remaining funds available.

SIGNIFICANT INVESTMENT FROM EMERGING LABELS

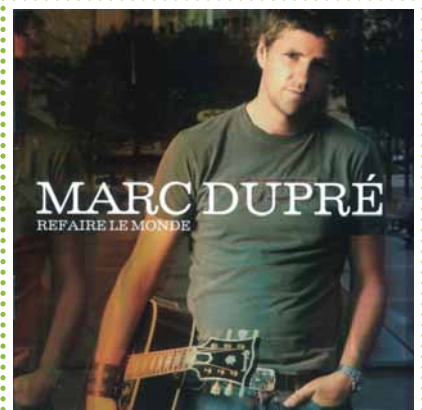
Emerging labels with an active Fonds RadioStar file can now request to be exempted from showing proof of their initial significant investment, provided they rate favourably following the review of these factors:

- previous phases and projects completed appropriately
- compliance with scheduling terms
- honouring commitments to public contributors and suppliers
- number of active files and dollar amount involved
- results of previous audits
- results from most recent financial statements (less than one year from the time of application)

Ratified in June 2006, this new rule is effective the 2006-2007 financial year.



Jean-François Breau



Financial results

FINANCIAL RESOURCES

Monies for the Fonds RadioStar and Radio Starmaker Fund come primarily, but not exclusively, from broadcaster contributions resulting from radio acquisition transactions, as required by the CRTC. A minimum of 3% of the value of such transactions must be disbursed to both of these two Canadian music marketing funds. For francophone market transactions, 80% of the 3% is directed to the Fonds RadioStar. In the case of transactions affecting the English-language market, the Fonds RadioStar receives 20% of benefits.

The CAB collects the 3% of the value of the transactions, and then redistributes these monies to both funds as per CRTC approved payment methods. Each year, the CAB contributes funds earmarked for the advancement of French-language music to the Fonds RadioStar.

These contributions totaled \$2,426,942 in 2005-2006. The combined total since 2001-2002 is \$12,393,239. Contributions to the Fonds RadioStar are expected to top \$21M by 2010.

ADMINISTRATION FEES

The administration fees for this fifth financial year have been set at 9.5%. The administration fees for the fund's initial three years were 8.5% on average. As outlined in the document the CRTC approved in November 2000, by the end of the fund's existence, administration fees will not exceed more than 10% of broadcaster contributions.

COMMITMENTS AND DISBURSEMENTS

Since the program's inception, 295 projects have been received and 253 projects have been accepted, for a approval rate of 85.8%. We received a record number of applications this year, i.e. 79 projects, and the approval rate for the year was 98.7%, also a record. Since August 2001, 77.5% of amounts requested have been approved. That figure was 93.5% for 2005-2006.

In 2005-2006, the Fonds RadioStar's financial commitments amounted to \$3,104,566, compared with \$2,848,958 the previous year and \$2,013,175 in 2003-2004. This constitutes an increase of 9.0% over the previous year and 54.2% in comparison to 2003-2004. Average approved funding per project was lower this year, i.e. \$39,802, compared with \$45,222 in 2004-2005 and \$ 46,818 \$ in 2003-2004.

In 2005-2006, the Fonds RadioStar marketing fund disbursed \$2,316,105, compared with \$2,331,725 the previous year.

APPLICATIONS AND APPROVALS	2005-2006	2004-2005	2003-2004	2002-2003	2001-2002	Total
Applications Submitted	79	64	53	46	53	295
Amount Requested	3,321,515	3,021,311	3,171,982	2,158,990	2,153,585	13,827,383
Applications Approved	78	63	43	33	36	253
Amount Offered	3,104,566	2,848,958	2,013,175	1,506,415	1,236,314	10,709,428
Amount Disbursed	2,316,105	2,331,725	1,311,619	1,038,105	501,276	7,581,086

RESIDUAL BALANCE OF FUNDING COMMITMENTS

Disbursements carried out during a financial year generally represent initial funding for projects approved during the year and final rounds of funding for projects approved in the past. Given the time required to market sound recordings, much like the approval period required by RadioStar, few projects are begun and finalized in the same financial year. This results in a residual balance of funding commitments at the end of each financial year. For the 2004-2005 financial year, that balance is \$1,873,419.

RADIO PUBLICITY ALLOCATIONS

The proposal accepted by the CRTC stated that since Fonds Radiostar funds are strictly sourced from radio broadcasters, and since these broadcasters are actively involved in promoting the value of Canadian talent, a portion of sums received by the fund could be used to buy airtime on Canadian radio stations. Since 2003-2004, a modest incentive was rolled out in relation to radio ad placements. The evaluation chart calls for projects that obtain the minimal score of 50% or above, and that involve a radio placement expense of \$5,000 or more, receive an additional five grade points.

The expense report for files closed in 2005-2006 shows radio advertising expenses totalling \$177,514, accounting for 11.5% of disbursements for files closed during the course of the year. This is slightly lower than in 2004-2005, when the rate was 12.2%.



Evaluation of results

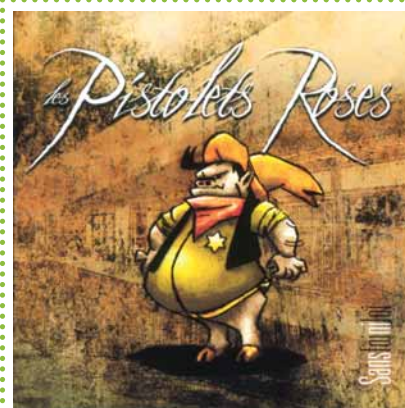
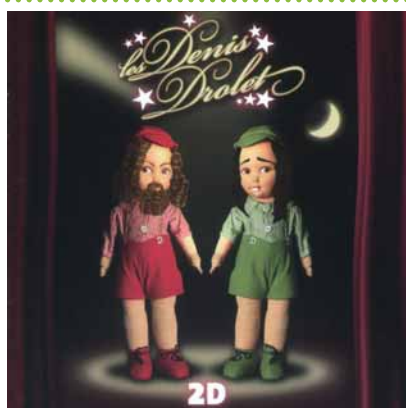
SUPPORTING NEW ARTISTS

In keeping with its objectives, the Fonds RadioStar has been primarily funding emerging artists. In 2005-2006, 39.5% of funding approved was for first albums from Canadian francophone artists and 36.6% was allocated to second releases, for a total of 76.1% of monies earmarked for new artists. Seventy-three percent of funding since the fund's inception has gone to supporting first and second albums.

Measures have been rolled out since the program's inception favouring access to emerging artists:

- A project is eligible the moment the album is released. The album is not required to sell a predetermined number of copies to have access to funding.
- An evaluation chart based on objective-driven criteria enables projects to be ranked by priority. Higher scores are awarded for first or second releases.
- Since 2003-2004, the program has included a component strictly for emerging labels. These sound recording firms are often associated with emerging artists.

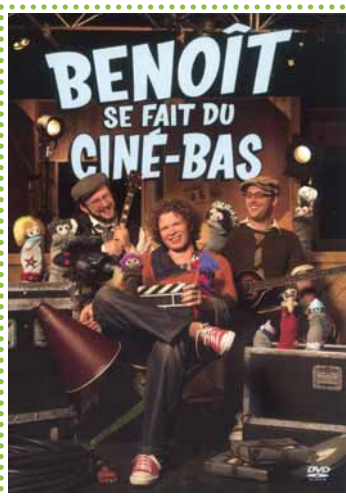
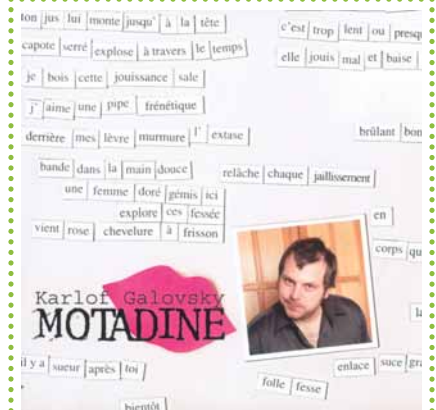
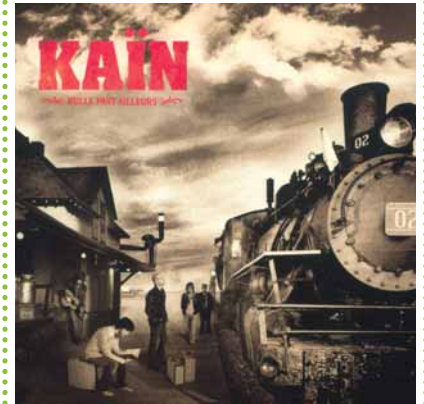
	2005-2006		2004-2005		2003-2004		2002-2003		2001-2002		TOTAL	%
	APPLICATIONS APPROVED	AMOUNT OFFERED	APPLICATIONS APPROVED	AMOUNT OFFERED	APPLICATIONS APPROVED	AMOUNT OFFERED	APPLICATIONS APPROVED	AMOUNT OFFERED	APPLICATIONS APPROVED	AMOUNT OFFERED		
1 st album	33	1,226,281	35	1,578,369	23	1,094,726	17	865,326	16	568,896	5,333,598	49.8
2 nd album	27	1,136,609	8	354,936	9	405,775	6	291,309	11	362,621	2,551,250	23.8
3 albums and above	18	741,676	20	915,653	11	512,674	10	349,780	9	304,797	2,824,580	26.4
Total	78	3,104,566	63	2,848,958	43	2,013,175	33	1,506,415	36	1,236,314	10,709,428	100.0



REGIONAL ALLOCATIONS

In a bid to render the program even more accessible to artists living outside Quebec, the Board of Directors introduced during the previous financial year new rules to offset the shortage of independent labels in French-speaking communities across Canada. This new component is for artists from communities where the francophone population is a minority and who produce and market their albums themselves. It complements the support currently available for recognized labels and emerging labels.

Positive and tangible consequences resulted from this new component in 2005-2006. Three artists from outside Quebec who handled the marketing for their own albums obtained funding. Also, two artists from francophone communities in Canada received financial support through their respective labels.



● RESULTS 2005-2006 ●

● APPLICANT ●	● ARTIST ●	● REGION ●	● AMOUNT \$ ●
● À l'Infini Communications ●	● Blou ●	● Nova Scotia ●	● 50,000 ●
● Carbone Musique ●	● Thalie Lynda ●	● Montreal ●	● 54,786 ●
● Cie Larivée Cabot Champagne ●	● Charbonniers de l'enfer ●	● Several Regions ●	● 49,748 ●
● Cie Larivée Cabot Champagne ●	● Chick'n Swell ●	● Central Quebec ●	● 19,899 ●
● Cie Larivée Cabot Champagne ●	● Faubert Michel ●	● Outaouais ●	● 29,937 ●
● Cie Larivée Cabot Champagne ●	● Painchaud Jonathan ●	● Bas-Saint-Laurent – Gaspésie ●	● 10,000 ●
● Cie Larivée Cabot Champagne ●	● Pépé et sa guitare ●	● Quebec ●	● 50,000 ●
● Cie Larivée Cabot Champagne ●	● Volée d'castors ●	● Several Regions ●	● 30,416 ●
● C-Show Productions ●	● Grandbois Darryn ●	● Ontario ●	● 31,459 ●
● Déjà Musique ●	● Bédar Dany ●	● Abitibi-Témiscamingue ●	● 30,000 ●
● Déjà Musique ●	● Corneille ●	● Montreal ●	● 30,000 ●
● Déjà Musique ●	● Gage ●	● Montreal ●	● 50,000 ●
● Diffusion YFB ●	● 400 Lapins ●	● Montreal ●	● 50,000 ●
● Diffusion YFB ●	● Lapointe Hugo ●	● Lanaudière ●	● 26,667 ●
● Diffusion YFB ●	● Lavoie Mathieu ●	● Montreal ●	● 50,000 ●
● Disques Artic ●	● Aut'chose ●	● Several Regions ●	● 50,000 ●
● Disques Artic ●	● Charest Geneviève ●	● Bas-Saint-Laurent – Gaspésie ●	● 30,064 ●
● Disques Artiste ●	● Artistes variés ●	● Several Regions ●	● 50,000 ●
● Disques Artiste ●	● Artistes variés ●	● Several Regions ●	● 50,000 ●
● Disques Artiste ●	● Eve ●	● Montérégie ●	● 50,000 ●
● Disques Atlantis ●	● Lacombe Sébastien ●	● Montreal ●	● 50,000 ●
● Disques Atlantis ●	● Tessier Karine ●	● Montérégie ●	● 50,000 ●
● Disques Audiogramme ●	● Déry Marc ●	● Montreal ●	● 43,000 ●
● Disques Audiogramme ●	● Lapointe Pierre ●	● Outaouais ●	● 25,000 ●
● Disques Audiogramme ●	● Lapointe Pierre ●	● Outaouais ●	● 50,000 ●
● Disques Audiogramme ●	● Moffatt Ariane ●	● Quebec ●	● 30,000 ●
● Disques Belzébuth ●	● Longue Distance ●	● Several Regions ●	● 30,004 ●
● Disques Dare to Care ●	● Malajube ●	● Montreal ●	● 59,832 ●
● Disques Justin Time ●	● Hellman Thomas ●	● Quebec ●	● 39,176 ●
● Disques Justin Time/Gestion Nuland ●	● Hellman Thomas ●	● Quebec ●	● 7,000 ●
● Disques Musicor ●	● Bouchard Marie-Mai ●	● Montérégie ●	● 33,500 ●
● Disques Musicor ●	● Giroux Martin ●	● Outaouais ●	● 33,500 ●
● Disques Musicor ●	● Lagacé Meggie ●	● Montreal ●	● 33,000 ●
● Disques Musicor ●	● Lapointe Stéphanie ●	● Montérégie ●	● 33,000 ●
● Disques Musicor ●	● Painchaud Jonathan ●	● Bas-Saint-Laurent – Gaspésie ●	● 23,500 ●
● Disques Musicor ●	● Villeneuve Annie ●	● Saguenay – Lac-Saint-Jean ●	● 33,500 ●
● Disques Passeport ●	● Kaïn ●	● Central Quebec ●	● 33,178 ●
● Disques Passeport ●	● Kaïn ●	● Central Quebec ●	● 50,000 ●
● Disques Tox ●	● Qbanito ●	● Montreal ●	● 40,522 ●
● Disques Voxtone ●	● Caïman Fu ●	● Mauricie ●	● 50,000 ●
● Équipe Spectra ●	● Perreau Yann ●	● Lanaudière ●	● 10,000 ●
● Foulespin Musique ●	● Perreau Yann ●	● Lanaudière ●	● 40,000 ●
● Gestion Nuland ●	● Hellman Thomas ●	● Quebec ●	● 3,000 ●
● Gestion Son Image ●	● Robineault Élyse ●	● Montreal ●	● 50,000 ●
● Ici Musique ●	● Breau Jean-François ●	● New Brunswick ●	● 51,212 ●
● L-A be ●	● Cassiopée ●	● Quebec ●	● 50,000 ●
● L-A be ●	● Karlof Galovsky ●	● Montreal ●	● 40,146 ●
● L-A be ●	● Léopold Z ●	● Montreal ●	● 30,930 ●
● Le Couteur Sandra ●	● Le Couteur Sandra ●	● New Brunswick ●	● 30,344 ●
● Management Encore ●	● Chick'n Swell ●	● Central Quebec ●	● 10,000 ●
● MP3 Disques ●	● Daniel Cindy ●	● Montreal ●	● 54,106 ●
● NG Productions ●	● Mauvais sort ●	● Several Regions ●	● 37,894 ●
● Novem Communications ●	● Dupré Marc ●	● Laval ●	● 50,000 ●
● Orange Music ●	● Samina ●	● Montreal ●	● 43,408 ●



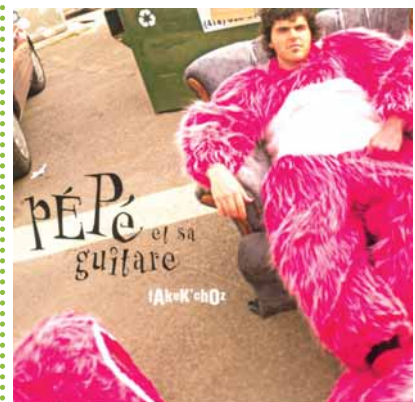
● RESULTS 2005-2006 (CONTINUED)

APPLICANT	ARTIST	REGION	AMOUNT \$
Prodat	Archambault Benoît	Montreal	50,000
Productions de l'Onde	Bori	Montreal	50,000
Productions de l'Onde	Wells Guy-Phillipe	Saguenay-Lac Saint-Jean	48,358
Productions Fly Decibels	Maharajah	Several Regions	35,910
Productions Jacques K. Primeau	Les Denis Drolet	Laurentides	70,000
Productions Jacques K. Primeau	Les Denis Drolet	Laurentides	30,000
Productions New Rock	Pistolets Roses	Several Regions	56,234
Productions Pierre Tremblay	Crila	Montreal	24,188
Productions Pierre Tremblay	Jean Daniel	Saguenay-Lac Saint-Jean	30,000
Productions Robishow	Robichaud Pierre	New Brunswick	51,838
Productions Solo	Campagne Solange	Saskatchewan	30,000
Slam Disques	Extério	Several Regions	49,729
Studio Ouïe-Dire	Pelletier Claire	Bas-Saint-Laurent-Gaspésie	51,463
Sphère Musique	Renaud Mélanie	Montréal	50,000
Sphère Musique	Respectables	Quebec	50,000
Tacca Musique	Gratton Antoine	Montreal	50,000
Tacca Musique	Jean Anik	Bas-Saint-Laurent-Gaspésie	50,000
Tacca Musique	Polémil Bazar	Quebec	50,000
Trafik Musique	Hughes Rick	Montreal	59,450
Volée d'castors	Volée d'castors	Lanaudière	10,000
Zone 3	Deschamps Martin	Lanaudière	50,000
Zone 3	Deschamps Martin	Lanaudière	49,154
Zone 3	Durand Catherine	Montreal	16,514
Zone 3	Néron Caroline	Montréal	50,000



● RESULTS 2004-2005 ●

APPLICANT	ARTIST	REGION	AMOUNT \$
C4 Productions	Karkwa	Several Regions	50,000
C4 Productions	Fortin Fred	Saguenay-Lac-Saint-Jean	50,000
Cie Larivée Cabot Champagne	Béluga	Several Regions	50,000
Cie Larivée Cabot Champagne	Cowboys Fringants	Lanaudière	30,000
Cie Larivée Cabot Champagne	Minière Jérôme	Montreal	50,000
Diffusion YFB	Gauthier Ariane	Outaouais	50,000
Diffusion YFB	Lapointe Éric	Lanaudière	30,000
Disques Atlantis	Shock Stefie	Montreal	35 000
Disques Atlantis	St-Clair Martine	Montreal	30,000
Disques Atlantis	Dédé Traké	Montreal	50,000
Disques Audiogramme	Lapointe Pierre	Outaouais	50,000
Disques Audiogramme	Lapointe Pierre	Outaouais	25 000
Disques Audiogramme	Loco Locass	Several Regions	50,000
Disques Audiogramme	Moffatt Ariane	Quebec	30,000
Disques Audiogramme	Marchand Yves	Abitibi-Témiscamingue	25 000
Disques Audiogramme	Jalbert Laurence	Gaspésie	30,000
Disques Audiogramme	Senaya	Montreal	40,000
Disques Indica	Trois accords	Central Quebec	42,525
Disques Indica	Dobacaracol	Several Regions	52,130
Disques Justin Time	Morrisette Miranie	Bas-Saint-Laurent	49,988
Disques La Québécoise	Toupin Marie-Chantal	Montreal	30,000
Disques Lunou	Dufault Luce	Outaouais	30,000
Disques Musicor	Bégin Émilie	Laurentides	44,000
Disques Musicor	Bouchard Marie-Mai	Montréal	44,000
Disques Musicor	Montano Cornéliu	Montreal	44,000
Disques Musicor	Thibert Marie-Hélène	Montreal	24,000
Disques Musicor	Villeneuve Annie	Saguenay-Lac-Saint-Jean	44,000
Disques Musicor	Belliard Alexandre	Montréal	25,000
Disques Musicor	Niquet Marc-André	Central Quebec	25,000
Disques PNM	Destroimaisons Gabrielle	Lanaudière	30,000
Disques Rococo	Letarte Maryse	Montréal	58,000
Disques Tox	Marabu	Quebec	50,000



● RESULTS 2004-2005 (CONTINUED)

● APPLICANT	● ARTIST	● REGION	● AMOUNT \$
● DKD Disques	Desjardins Boom	Abitibi-Témiscamingue	50,000
● DKD Disques	Bédar Dany	Abitibi-Témiscamingue	30,000
● DKD Disques	Desjardins Boom	Abitibi-Témiscamingue	50,000
● Gestion Son Image	Lelièvre Nico	Laurentides	50,000
● Gestion Son Image	Jensen Tomas	Montreal	50,000
● Gregg Musique	Arthur l'Aventurier	Estrie	100,000
● Intertalent	Sam	Saguenay-Lac-Saint-Jean	30,000
● Jajou Productions	Louis et le voyageur	Montréal	46,502
● Konfit Music	Elle	Montreal	50,000
● LCQ Productions	Desroseilliers Sylvie	Montreal	65,473
● MP3	Pelchat Mario	Saguenay-Lac-Saint-Jean	30,000
● Novem Communications	Gaudet Mathieu	Lanaudière	50,000
● Novem Communications	Ima	Montreal	78,642
● Prodat	Provençal Mathieu	Lanaudière	50,000
● Prodat	Mes Aïeux	Several Regions	75,653
● Prodat	De Larochellière Luc	Montreal	30,000
● Productions Bros	Plastic Lite	Quebec	42,672
● Productions Byc	Vallières Vincent	Estrie	50,000
● Productions de l'Onde	Major Catherine	Montreal	55,844
● Productions Lalalère	Petite Jacinthe	Abitibi-Témiscamingue	50,898
● Productions Louis Michel	Marcoux-Gendron Caroline	Montréal	56,774
● Sphère Musique	Bossé-Pelchat Maritza	Quebec	45,575
● Sphère Musique	Renaud Mélanie	Montréal	50,000
● Sphère Musique	Respectables	Quebec	50,000
● Tacca Musique	Dubé Charles	Laurentides	49,988
● Tacca Musique	D'Amour France	Laurentides	50,000
● TNT Productions	Boudreau Danny	New Brunswick	43,294
● Zone 3	Exode	Lanaudière	50,000
● Zone 3	Deschamps Martin et Offenbach	Several Regions	50,000
● Zone 3	Durand Catherine	Montreal	50,000
● Zone 3	Quilico Gino	Montreal	50,000



FUNDING BY MUSIC CATEGORY

Music Category

Alternative

Used here in the sense of an emerging genre

Country

Genre that groups together country and western music styles

Contemporary Folk

Musical genre covering the full range of new trends in folk music

Hip hop

Musical genre derived from new music trends that include rap and hip hop

Children's

Musical genre mostly geared toward kids

Urban

Musical genre derived from new music trends namely rooted in techno, house/dance, drum'n bass, jungle, tribal, ambient/ trance/chill, trip hop, acid jazz and all electronica related genres

Worldbeat

Musical genre that groups together styles derived from, but not limited to, South America, Central America, Asia, Africa, the Middle East and Caribbean as well as aboriginal music

Pop rock

Musical genre that covers a wide range of styles, including acoustic rock and folk rock

Pop

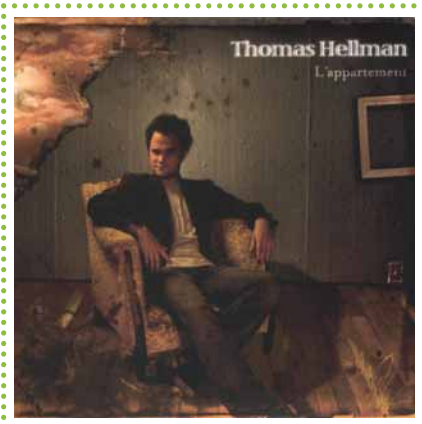
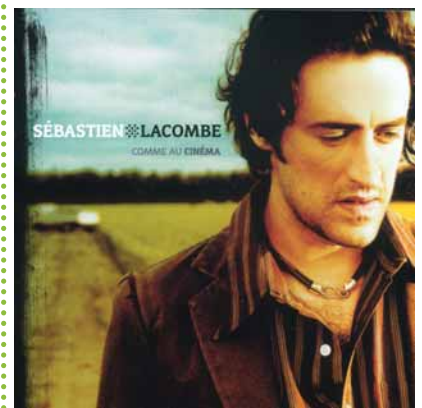
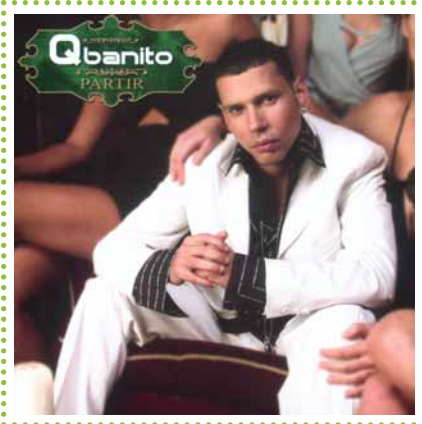
Over and above vocal performances, mainstream musical genre that covers easy listening to adult pop

Rock

Musical genre that covers music with a heavier, more accentuated beat

Traditional

Musical genre that houses roots music



Pop and pop rock projects were by far the focus of the applications received and approved in 2005-2006, accounting for 68.4% and 69.2% of funding requests. Nevertheless, this is a drop from 2004-2005, when these categories represented 76.6% of applications received and 77.8% of applications approved. Contemporary folk, rock and traditional music received 21.2% of funding this year, thus reflecting the growing diversity of music genres.

FUNDING BY MUSIC CATEGORY

	2005-2006					2004-2005				
	APPLICATIONS SUBMITTED	AMOUNT REQUESTED	APPLICATIONS APPROVED	AMOUNT OFFERED	%	APPLICATIONS SUBMITTED	AMOUNT REQUESTED	APPLICATIONS APPROVED	AMOUNT OFFERED	%
Alternative	2	105,104	2	89,875	2.9	2	100,000	2	100,000	3.5
Country	2	85,754	1	51,838	1.7					
Contemporary Folk	4	140,409	4	127,973	4.1	1	50,000	1	50,000	1.8
Hip Hop	1	43,000	1	40,522	1.3	1	66,435	1	50,000	1.8
Jazz	1	43,408	1	43,408	1.4					
Children's	1	50,000	1	50,000	1.6	2	155,604	2	150,898	5.3
Worldbeat	1	51,463	1	51,463	1.7	2	115,000	2	92,130	3.2
Urban	1	33,000	1	33,000	1.1	1	53,004	1	50,000	1.8
Pop rock	20	823,472	20	777,917	25.0	11	490,525	11	490,525	17.2
Pop	34	1,363,522	34	1,309,382	42.2	38	1,708,128	38	1,617,080	56.8
Rock	7	397,775	7	351,130	11.3	4	176,962	4	172,672	6.0
Traditional	5	184,608	5	178,058	5.7	2	105,653	1	75,653	2.6
	79	3,321,515	78	3,104,566	100	64	3,021,311	63	2,848,958	100

SUCCESS STORIES

The Fonds RadioStar funded many 2005-2006 ADISQ and Mimi award winning projects.

Awards

Dany Bédar	Album of the Year–Pop-rock Best Male Artist	ADISQ
Corneille	Music Video of the Year	ADISQ
Cowboys fringants	Song of the Year Album of the Year–Alternative	ADISQ
Dobacaracol	Album of the Year–Worldbeat	ADISQ
Dumas	Live Show of the Year–Singer-Songwriter	ADISQ
Pierre Lapointe	Album of the Year–Pop Best New Artist	ADISQ
Loco Locass	Singer-Songwriter of the Year Album of the Year–Hip-hop	ADISQ
Malajube	Rising Star Nova	Mimi Mimi
Mes Aïeux	Album of the Year–Contemporary Folk	ADISQ
Marie-Élaine Thibert	Best Female Artist	ADISQ
Marie-Chantal Toupin	Album of the Year–Rock	ADISQ



Some of these artists were also certified by the Canadian Recording Industry Association (CRIA), many for their first releases.

Gold	50,000
Platinum	100,000
Double Platinum	200,000
Triple Platinum	300,000
Diamond	1,000,000

Certifications

● Bédar Dany	Fruits de ma récente nuit blanche	Platinum	2004
● Bédar Dany	Écoute-moi donc	Platinum	2005
● Bélanger Daniel	Rêver mieux	Platinum	2002
● Chicane	Ent'nous autres	Gold	2003
● Corneille	Parce qu'on vient de loin	Platinum	2005
● Cossette Sylvain	Rendez-vous	Platinum	2002
● Cowboys Fringants	Break syndical	Platinum	2004
● Cowboys Fringants	La Grand-Messe	Double Platinum	2006
● Desjardins Boom	Boom Desjardins	Gold	2004
● Dobacaracol	Soley	Gold	2006
● Don Juan	Don Juan	Double Platinum	2004
● Dumas	Le cours des jours	Gold	2006
● Kaïn	Nulle part ailleurs	Gold	2006
● Lapointe Éric	Adrenaline	Platinum	2002
● Lapointe Éric	Coupable	Platinum	2004
● Lapointe Pierre	Pierre Lapointe	Platinum	2006
● Lapointe Pierre	La forêt des mal-aimés	Platinum	2006
● Le Bouthillier Wilfred	Wilfred Le Bouthillier	Double Platinum	2004
● Leloup Jean	La vallée des réputations	Platinum	2005
● Loco Locass	Amour oral	Gold	2005
● Mes Aïeux	En famille	Platinum	2005
● Mix Mania	Mix Mania	Double Platinum	2003
● Moffatt Ariane	Aquanaute	Platinum	2005
● Parent Kevin	Les vents ont changé	Platinum	2002
● Pelchat Mario	Noël avec Jireh Gospel	Gold	2004
● Quilico Gino	Noël	Gold	2003
● Shock Stefie	Le décor	Gold	2004
● Thibert Marie-Élaine	Marie-Élaine Thibert	Triple Platinum	2005
● Toupin Marie-Chantal	Maudit bordel	Platinum	2004
● Toupin Marie-Chantal	Non négociable	Platinum	2005
● Trois Accords	Gros mammoth album trio	Platinum	2004
● Villeneuve Annie	Quand je ferme les yeux	Platinum	2006





FINANCIAL STATEMENTS

Auditor's report

To the directors of
FONDS RADIOSTAR

I have audited the balance sheets of Fonds RadioStar as at August 31, 2006 and 2005, as well as the statements of earnings and changes in net assets and the statements of cash flow for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion concerning these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I plan and perform an audit in such a way as to obtain reasonable assurance that the financial statements are free of material misstatements. An audit involves examining evidence supporting the amounts and disclosures that are contained in the financial statements, on a test basis. An audit also involves assessing the accounting principles used and the significant estimates made by management, and evaluating the overall presentation of the financial statements.

In my opinion, these financial statements present the financial position of the Organization as at August 31, 2006 and 2005 and the results of its operations and cash flow for the years then ended fairly in all material respects, in accordance with Canadian generally accepted accounting principles.



Denis Thérien
Chartered Accountant

September 12, 2006

Statements of earnings and changes in net assets

For the years ended August 31

	2006	2005
REVENUE		
Contributions from radio broadcasters	\$2,426,942	\$3,961,205
Management fees – CAB	(20,600)	
	2,406,342	3,961,205
Interest	170,975	102,704
	2,577,317	4,063,909
EXPENDITURES		
Management fees, rent, and other charges	37,628	80,187
Salaries and benefits	157,984	82,456
Professional fees	9,262	12,946
Communications	33,828	35,558
Insurance	2,540	2,540
Meeting expenses	4,690	4,328
	245,932	218,015
SURPLUS AVAILABLE FOR ASSISTANCE CONTRIBUTIONS		
Assistance contributions	2,331,385	3,845,894
	2,316,105	2,331,725
EXCESS OF REVENUE OVER EXPENDITURES	15,280	1,514,169
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	4,191,481	2,677,312
UNRESTRICTED NET ASSETS, END OF YEAR	\$4,206,761	\$4,191,481

The accompanying notes are an integral part of these financial statements.

Balance sheets

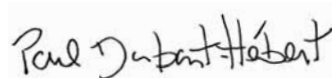
As at August 31

	2006	2005
ASSETS		
CURRENT		
Cash	\$ 420,938	\$ 749,374
Demand deposits (Note 4)	3,700,000	3,400,000
Accounts receivable (Note 5)	101,539	55,568
Prepaid expenses	1,624	1,629
	\$4,224,101	\$4,206,571
LIABILITIES		
CURRENT		
Accrued liabilities	\$ 17,340	\$ 15,090
NET ASSETS		
Unrestricted net assets	4,206,761	4,191,481
	\$4,224,101	\$4,206,571

Approved on behalf of the board



Denis Wolff
President



Paul Dupont-Hébert
Treasurer

The accompanying notes are an integral part of these financial statements.

Statements of cash flow

For the years ended August 31

	2006	2005
OPERATING ACTIVITIES		
Contributions received from radio broadcasters	\$ 2,406,342	\$ 3,961,205
Interest received	145,395	122,315
Sales taxes paid	(7,026)	(9,390)
	2,544,711	4,074,130
Assistance contributions paid	(2,329,470)	(2,331,725)
Purchase of goods and services paid	(91,811)	(129,551)
Employee salaries paid	(151,866)	(76,584)
	(2,573,147)	(2,537,860)
	(28,436)	1,536,270
INVESTING ACTIVITY		
Term deposit		750,000
		750,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,436)	2,286,270
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,149,374	1,863,104
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 6)	\$ 4,120,938	\$ 4,149,374

The accompanying notes are an integral part of these financial statements.



Notes accompanying the financial statements

For the years ended August 31, 2006 and 2005

1 • STATUTES AND PURPOSE OF THE ORGANIZATION

Fonds RadioStar was incorporated on February 16, 2001 pursuant to Part II of the Canada Business Corporations Act.

The primary mandate of Fonds RadioStar, which is a non-profit organization, is to assist promising new talent by providing significant financial support for projects involving the promotion of recording companies that are likely to have a considerable impact on the careers of French-Canadian artists. The support that the Organization provides is complementary to existing assistance programs, and adds momentum to marketing efforts. Fonds RadioStar pays non-refundable contributions to eligible recording companies.

2 • FINANCING OF THE ORGANIZATION

Fonds RadioStar products are generated by financial contributions from broadcast companies to the Canadian Association of Broadcasters (CAB).

3 • SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian generally accepted accounting principles and the following significant policies:

Recognition of Revenue

Fonds RadioStar uses the deferral method for recording its contributions. Contributions to Fonds RadioStar and its Anglophone counterpart, Radio Starmaker Fund, originate from financial contributions that are required of broadcast companies by the Canadian Radio-television and Telecommunications Commission (CRTC) in connection with transactions involving the acquisition of broadcast companies. A minimum of 3% of these transactions must be paid to the two new Canadian music marketing funds.

Generally speaking, for transactions involving Francophone stations, 80% of the 3% is paid to Fonds RadioStar; and for transactions involving Anglophone stations, 20% of the 3% is paid to Fonds RadioStar. The Canadian Association of Broadcasters (CAB) collects 3% of the value of the transactions, which it redistributes to the two funds in accordance with the payment terms that are approved by the CRTC. These financial contributions are reported using a cash-based accounting system.

Income Taxes

Pursuant to the Income Tax Acts of Canada and Quebec, Fonds RadioStar is classified as a non-profit organization, and therefore, is not subject to income tax.

Contributed Services

Members of the Organization's Board of Directors attend Board meetings without monetary compensation. The value of the time donated by these individuals is not recorded in the financial statements, because it would be difficult to measure its fair market value.

Notes accompanying the financial statements

For the years ended August 31, 2006 and 2005

3 • SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

For cash flow purposes, cash and cash equivalents include cash and cash equivalents that are not restricted as to their use. Cash includes cash. Cash equivalents include term deposit investments that are held for short-term cash requirements, but not those that are held for investment purposes. More precisely, they include investments for which the value will not change significantly and for which the maturity does not exceed three months from the date of acquisition.

Use of estimates

The presentation of the financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates and assumptions.

4 • DEMAND DEPOSITS

	2006	2005
Demand deposit, 4.05%, maturing June 29, 2007	\$3,700,000	
Demand deposit, 2.6%, maturing August 16, 2006		\$3,400,000
	\$3,700,000	\$3,400,000

5 • ACCOUNTS RECEIVABLE

Applicant-assistance contributions	\$ 13,365	
Accrued interest	29,784	\$ 4,204
Sales taxes	58,390	51,364
	\$ 101,539	\$ 55,568

The treatment of these sales taxes is currently being reviewed by Revenu Quebec, which is contesting the refund entitlement of 50% of sales taxes paid (GST and QST). As at August 31, 2006, a decision was still pending. If the decision is unfavourable, these sales taxes will have to be reported as operating expenses.



Notes accompanying the financial statements

For the years ended August 31, 2006 and 2005

6 • CASH AND CASH EQUIVALENTS AT END OF YEAR

	2006	2005
Cash	\$ 420,938	\$ 749,374
Demand deposits	3,700,000	3,400,000
	\$4,120,938	\$ 4,149,374

7 • RELATED PARTY TRANSACTIONS

During 2006, the Organization disbursed assistance contributions totalling \$521,389 (2005: \$570,994). The parties are related due to the fact that their representatives are directors of the Organization. These related companies satisfy all of the criteria established by the Organization, and as such, they do not benefit from any particular statute or privilege over another through their representation on the Board of Directors.

Management declares that these transactions were executed under the same terms as transactions with non-related parties.

8 • COMMITMENTS

Contributions

Fonds RadioStar is contractually committed to advance contributions totalling \$1,873,419 in 2006 (2005: \$1,396,813). Of this amount, \$375,333 (2005: \$383,994) represents commitments to related companies.

9 • FINANCIAL INSTRUMENTS

Fair value

The carrying amount of financial instruments is equivalent to their fair value because of their short-term nature.



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