



fonds|radio|star

2011-2012 annual report

Supporting homegrown talent



fonsradiostar.com

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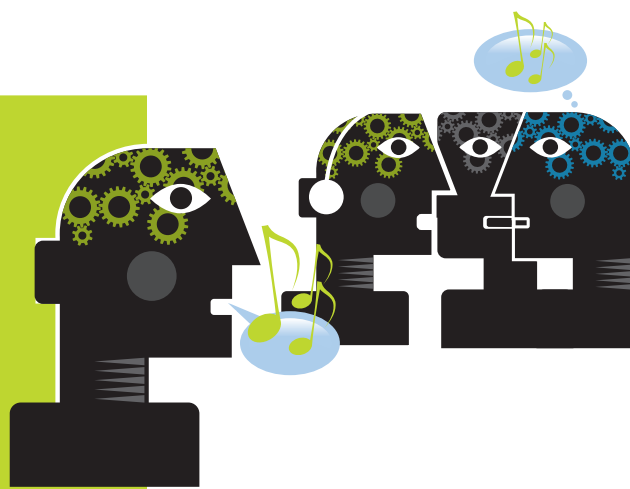
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Financial partners

Thanks to the **27** private broadcasters,
in 2011-2012 FONDS RADIOSTAR has:



Accompanied **56** projects
from different **48** artists;



Financially contributed
to development of said
artists careers to the amount
of **\$1,868,137**;



Supported **33** Canadian
businesses in their marketing
efforts.



Board of directors, fund management and radio partners

The Board of Directors is made up of 10 voting members and two observers. They consist of four broadcaster representatives appointed by The Canadian Association of Broadcasters (CAB), four industry representatives appointed by ADISQ and two individuals with knowledge of the Canadian recording industry.

BOARD OF DIRECTORS

| | | |
|----------------|-----------------------|--|
| President | Lilianne Randall | Music Director, Réseau Rythme FM Cogeco |
| Vice-President | Luc Piette | Vice-President, EDC Musique |
| Treasurer | François Bissoondoyal | Recordings Director, Spectra Musique |
| Secretary | Geneviève Moreau | Music Director, Réseau NRJ Astral Media Radio |
| Director | Philippe Archambault | Communications Manager, Audiogram |
| Director | Guy Brouillard | Music Director, CKOI Cogeco |
| Director | Raymond Du Berger | President, Disques Artic |
| Director | David Dufresne | President, Bandzoogie |
| Director | Sylvain Langlois | President, PineMedia |
| Director | Martin Tremblay | Operations and Programming Director NRJ (94.3) and Rouge Montréal Astral Media Radio |
| Observer | Solange Drouin | Vice-President of Public Affairs and General Manager, ADISQ |
| Observer | Pierre-Louis Smith | Consultant Media Regulations |

FUND MANAGEMENT

| | |
|------------------------|---------------------------|
| Executive Management | Louise Chenail |
| Controller | Nicole Rouabah |
| Program and Regulation | Thomas Jolicoeur |
| Coordination | Jacinthe Roy |
| Project Manager | Gwenaëlle Sartre |
| Independant Auditor | Monique Beaulieu CPA, CGA |

PARTNERS

Andy McNabb
Astral Media Radio
Bell
Blackburn Group
Canadian Satellite Radio
Cogeco Diffusion
Corus Entertainment
Evanov Communications
Golden West Broadcasting
Groupe Stingray Digital
Haliburton Broadcasting
Harvard Broadcasting
Jim Pattison Group
Larche Communications
Leclerc Communications
Muskoka-Perry Sound Broadcasting
My Broadcasting Corporation
MZ Media
Newcap
Northwoods Broadcasting
Radio Sept-Îles
Radio Diffusion Sorel-Tracy
RNC Media
Rogers Broadcasting
Sonème
Strive Communications
Vista Broadcast Group

President's message

As my term as president of Fonds RadioStar comes to a close, I have the pleasure of presenting the results for our 11th financial year, ended August 31, 2012. Over the course of the year, we funded 56 projects by French-language artists. The fund therefore fulfilled its primary purpose, which is to support Canadian record labels in their marketing efforts, and ultimately, help promote Canadian French-language music and nurture the careers of many Canadian songwriters and performers.



This year in particular, the fund really turned its focus on advancing and developing emerging French-language music artists. Nearly 60% of the sums we committed were intended for first albums, which is a record. Also, new technologies entrenched themselves in our music industry for good – clearly a sign of the times and of the growing number of entrepreneurs embracing the wealth of opportunities the digital economy can provide.

The trend is increasingly toward adopting comprehensive and innovative strategies that combine all means and resources available, whether conventional or 2.0 solutions, to connect with consumers. More and more of these strategies are anchored in the exponential availability of digital platforms, used for both publicity and transaction purposes, indicative of the unparalleled ways in which music can now be consumed and how streamlined the shopping process has become.

The fund's directors have been playing a significant role in this regard, and I would like to point out their efforts in steering the program's funding in the appropriate direction. This includes a sweeping project rolled out in the past few months aimed at creating a "coop toolbox" music entrepreneurs can use to expedite current consumer habits, from how they buy and listen to music, to how they search and shop for new releases. This large-scale project will be completed by the end of 2012, and the resulting tools will be made available to the fund's users in early 2013.

In closing, I simply have to mention the constructive energy that continues to prevail within the ranks of the fund's board of directors, where information and ideas always carry the day. I would like to thank each and every board member, and the Fonds RadioStar team as a whole, for their pivotal contribution to promoting local French-language music.

A handwritten signature in dark ink that reads "Randall".

Lilianne Randall,
President

Fonds RadioStar

BACKGROUND

In 1998, the CRTC authorized as part of its Policy on Commercial Radio (Public Notice CRTC 1998-41) the establishment of a new Canadian music marketing and promotion fund, toward which would be allocated 3% of the transaction value of radio broadcasting acquisitions. In November 2000, the CRTC approved a CAB and ADISQ joint proposal outlining the Fonds RadioStar's terms and structure. In December 2006, the aforementioned allocation was renewed under the CRTC's new Policy on Commercial Radio.

The Fonds RadioStar began operating in August 2001, and it has since been supporting by way of financial assistance 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 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.
- The fund's goal is to supply private radio broadcasters with quality, diversified French-language music.
- 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 Canadian owned and controlled record labels, with the exception of Canadian artists residing outside Québec, 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.

About the program

The main qualifying criterion of the Fonds is the achievement of a minimal Soundscan sales threshold. It is established according to the musical category and the number of albums in the artist's career, the required threshold for a first album is less than it is for a second one. This criterion gives the insurance of a previous investment made by the applicant and of the real success potential of the project. The initial help is limited to \$60,000 by project of which \$10,000 is solely reserved for live shows.

An access to an additional maximal amount of \$20,000, of which \$5,000 is for shows, is also given according to the reaching of sales threshold, enhanced for a second phase.

In accordance to the support of emerging artists, those who have sold more than 300,000 copies in their career are not eligible. Also, the Fonds RadioStar being intended in priority for developing artists, the total given aid can not exceed \$30,000 if the artist who is the object of the application has already obtained a platinum record (100,000 copies sold in Canada for an album) in his/her career.

The *Collective Promotion* component was added during the course of the previous year in order to support French-language music sectoral projects capable of benefitting the Fund's overall users. To be eligible, projects must present new or improved marketing strategies by Canadian record labels, and ultimately have a decisive impact on French-language Canadian artists. This year, the funding made it possible to conduct a study on consumer habits, new trends and how French-language Québec music is being purchased. The study will enable us to better understand how music fans access and consume music, and the findings will prove essential to record labels as they look to consolidate or refine their marketing strategies.



Awards

Fonds RadioStar has accompanied numerous award winning projects in 2011-2012:

| | |
|---|---|
| Alexandre Poulin | French Songwriter of the Year – Canadian Folk Music Awards |
| Annie Villeneuve and Marc Dupré | Pop Song of the Year «Rien de mieux à faire» – SOCAN |
| Breastfeeders | Album of the Year – Rock'n'Roll – GAMIQ |
| Brigitte Boisjoli | Newcomer of the Year – ADISQ |
| David Jalbert | Pop Song of the Year «Voyage» – SOCAN |
| Dumas | Pop Song of the Year «Le Bonheur (rien ne nous arrêtera)» – SOCAN |
| Éloi Painchaud and Jonathan Painchaud | Pop Song of the Year «Si t'es vivant» – SOCAN |
| Fred Fortin | Prix Gilles Vigneault – SPACQ |
| Galaxie | Album of the Year – Rock – GAMIQ |
| Galaxie | Artist of the Year – GAMIQ |
| Galaxie | Song of the Year – GAMIQ |
| Galaxie | Show of the Year – GAMIQ |
| Jimmy Hunt | Singer-Songwriter Album of the Year – GAMIQ |
| Jimmy Hunt | Songwriter of the Year – GAMIQ |
| Jimmy Hunt | Videoclip of the Year – GAMIQ |
| Karim Ouellet | Album of the Year – Pop – GAMIQ |
| Laurence Hélié | Album of the Year – Country – ADISQ |
| Lisa LeBlanc | Songwriter French-language Community Canada – Prix Édith Butler – SPACQ |
| Lisa LeBlanc | Breakthrough Artist of the Year – Prix Éloizes |
| Malajube | Francophone Album of the Year – JUNO |
| Malajube | Album of the Year – Alternative – ADISQ |
| Marc Dupré | Album of the Year – Pop Rock – ADISQ |
| Marie-Mai | Femal Performer of the Year – ADISQ |
| Marie-Mai | Show of the Year – Songwriter-Composer-Performer – ADISQ |
| Martin Léon | Album Arranger of the Year – ADISQ |
| Mathieu Roy for Karkwa | Light show Designer – ADISQ |
| Olivier Langevin and Pierre Girard for Galaxie | Record Producer of the Year – ADISQ |
| Olivier Langevin and Pierre Girard for Galaxie | Sound and Mixing of the Year – ADISQ |
| Patrice Michaud | Emerging Live Act – Prix André «Dédé» Fortin – SPACQ |
| Petites tounes | Album of the Year – Children's – ADISQ |
| Samian | Album of the Year – Hip Hop – ADISQ |
| Vincent Vallières | Pop Song of the Year – ADISQ |
| Vincent Vallières | Videoclip of the Year – ADISQ |
| William Deslauriers | Pop Song of the Year «Recommencer à zéro» – SOCAN |

Certifications

Congratulation to the artists helped by Fonds RadioStar whom, for the past 5 years, have obtained a certification by the Canadian Recording Industry Association (CRIA) depending on the number of copies sold according to the following ranking:

CERTIFICATIONS

| | CD | DVD | Song Downloads |
|-----------------|---------|---------|----------------|
| Gold | 40,000 | 5,000 | 20,000 |
| Platinum | 80,000 | 10,000 | 40,000 |
| Double Platinum | 160,000 | 20,000 | 80,000 |
| Triple Platinum | 240,000 | 30,000 | 120,000 |
| Diamond | 800,000 | 100,000 | 400,000 |

CERTIFICATION CD

| Year | Artist | Album | Certification |
|------|---------------------|-----------------------|-----------------|
| 2012 | Cœur de pirate | Blonde | Gold |
| 2012 | Lisa LeBlanc | Lisa LeBlanc | Gold |
| 2011 | Karkwa | Les chemins de verre | Gold |
| 2011 | Marie-Mai | Version 3.0 | Platinum |
| 2011 | Maxime Landry | L'avenir entre nous | Platinum |
| 2011 | Nadja | Noël | Gold |
| 2011 | Vincent Vallières | Le monde tourne fort | Platinum |
| 2010 | Annie Villeneuve | Noël chez moi | Gold |
| 2010 | Maxime Landry | Vox Pop | Double Platinum |
| 2010 | William Deslauriers | Un pied à terre | Gold |
| 2009 | Annie Villeneuve | Annie Villeneuve | Gold |
| 2009 | Cœur de pirate | Cœur de pirate | Gold |
| 2009 | Ima | A la vida | Gold |
| 2009 | Lost Fingers | Rendez-vous rose | Gold |
| 2009 | Marc Hervieux | Après nous | Gold |
| 2008 | Ariane Moffatt | Tous les sens | Gold |
| 2008 | Kaïn | Les saisons s'tassent | Gold |
| 2008 | Marie-Mai | Dangereuse attraction | Gold |

CERTIFICATION DVD

| | | | |
|------|---------------------|-----------------------|-----------------|
| 2011 | Arthur L'Aventurier | L'aventure de Noël | Triple Platinum |
| 2011 | Arthur L'Aventurier | La course aux trésors | Double Platinum |
| 2008 | Marie-Mai | La tournée | Gold |

Financial results

FINANCIAL RESOURCES

Monies for the Fonds RadioStar and its English-language music marketing counterpart, the Radio Starmaker Fund, come primarily 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 funds. For transactions affecting the French-speaking market, 80% of the 3% is directed to the Fonds RadioStar. In the case of transactions affecting the English-speaking market, the Fonds RadioStar receives 20% of that 3%.

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, earmarking the appropriate contributions intended for the advancement of French-language music to the Fonds RadioStar. These contributions amounted to \$2,913,285 in 2011-2012. The combined total since the Fund's creation in 2001-2002 is now \$30,480,664. Contributions to the Fonds RadioStar are expected to reach \$39M by 2019.

ADMINISTRATION FEES

The administration fees for this eleventh financial year have been set at 6.6%. The Fund has averaged administrative fees of 7.9% since inception, thus complying with CRTC regulations approved in November 2000 requiring administration fees to never exceed more than 10% of broadcaster contributions throughout the lifetime of the Fund.

COMMITMENTS

The Fund has accepted 601 of the 668 applications it has received since its inception, for an approval rate of 90%. This rate, which was 78% in 2006-2007 due to the record number of applications, reached 100% in 2011-2012. The increase stemmed from the 2007 revamping of the program and its funding application criteria.

The expected scaled back contributions from radio broadcasters prompted the Board to spread the available sums over a greater number of years, thus extending the life of the Fund and guaranteeing a steady availability of funding each year. In 2011-2012, the Fonds RadioStar's financial commitments amounted to \$1,868,137 for artists (Component 1) that is roughly the same amount of the previous three fiscal years (\$1,813,942 in 2010-2011, \$1,831,140 in 2009-2010 and \$1,739,910 in 2008-2009). An amount of \$229,950 was added to this sum on the Collective funding front (Component 2), bringing the total commitment for 2011-2012 to \$2,098,087.

APPLICATIONS AND APPROVALS

| Component 1: Artists | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 |
|-----------------------------|------------------|------------------|------------------|------------------|
| Applications Submitted | 56 | 56 | 55 | 52 |
| Amount Requested | \$1,925,529 | \$1,880,852 | \$1,911,982 | \$1,898,160 |
| Applications Approved | 56 | 56 | 54 | 51 |
| Amount Offered | \$1,868,137 | \$1,813,942 | \$1,831,140 | \$1,739,910 |

| Component 2: Collective Initiatives | 2011-2012 | 2010-2011 | 2009-2010 | 2008-2009 |
|--|--------------------|--------------------|--------------------|--------------------|
| Applications Approved | 1 | – | – | – |
| Amount Offered | \$229,950 | – | – | – |
| TOTAL Components 1 and 2 | \$2,098,087 | \$1,813,942 | \$1,831,140 | \$1,739,910 |
| Total Amount Disbursed (Components 1 and 2) | \$1,369,034 | \$1,629,255 | \$1,354,493 | \$1,321,687 |

RESIDUAL BALANCE OF FUNDING COMMITMENTS

Disbursements generally represent initial funding for projects approved during the year and final rounds of funding for projects approved in the past. Few projects are begun and finalized in the same financial year. Disbursements amounted to \$1,369,034 in 2011-2012, compared with \$1,629,255 in 2010-2011. Which bring the balance of funding commitments to \$1,087,826 on August 31st, 2012.

DISBURSEMENTS BY EXPENSES

A review of the projects completed in 2011-2012 states as follows:

- The percentage of expenses for Web related activity continued its upward trend, rising from 6.7% in 2008-2009 to 12.4% in 2011-2012, and this excluding funding related to image production which contributed to artist promotion through Internet.
- As with recent years, live show activity continued to account for nearly a quarter of funding (when factoring in tour support funding).

EXPENSES

| | 2011-2012 | | 2010-2011 | | 2009-2010 | | 2008-2009 | |
|-------------------|--------------------|------|--------------------|------|--------------------|------|--------------------|------|
| Categories | Amount | % | Amount | % | Amount | % | Amount | % |
| Image production* | \$157,115 | 12.9 | \$227,934 | 13.1 | \$236,618 | 16.2 | \$276,367 | 19.1 |
| Promotion | 44,704 | 3.7 | 68,547 | 3.9 | 60,584 | 4.2 | 101,883 | 7.0 |
| Media relations | 103,385 | 8.4 | 152,198 | 8.7 | 119,037 | 8.1 | 113,853 | 7.9 |
| Radio promotions | 54,434 | 4.5 | 108,099 | 6.2 | 77,191 | 5.3 | 69,004 | 4.8 |
| Web | 152,058 | 12.4 | 205,784 | 11.8 | 133,670 | 9.1 | 97,463 | 6.7 |
| Television | 185,495 | 15.2 | 182,454 | 10.5 | 146,472 | 10.0 | 222,367 | 15.3 |
| Radio | 40,860 | 3.3 | 54,958 | 3.2 | 59,977 | 4.1 | 115,710 | 8.0 |
| POS displays | 47,156 | 3.9 | 74,249 | 4.3 | 53,232 | 3.6 | 84,768 | 5.8 |
| Print | 87,166 | 7.1 | 146,577 | 8.4 | 92,906 | 6.4 | 95,274 | 6.6 |
| Billboard | 12,951 | 1.1 | 56,395 | 3.2 | 25,359 | 1.7 | 0 | 0.0 |
| Tour support | 42,973 | 3.5 | 84,346 | 4.8 | 59,902 | 4.1 | 50,258 | 3.5 |
| Live shows | 293,589 | 24.0 | 381,445 | 21.9 | 397,882 | 27.2 | 221,513 | 15.3 |
| TOTAL | \$1,221,886 | 100 | \$1,742,986 | 100 | \$1,462,830 | 100 | \$1,448,460 | 100 |

* In 2011-2012, \$98,391 were spent on music videos and \$58,724 for the production of other images compared with \$130,780 and \$97,154 the previous year.

Evaluation of results

SUPPORTING NEW ARTISTS

The Fund continues to remain true to its mission of funding developing artists first and foremost. In 2011-2012, 59% of approved funding went to first albums, 14% to second albums and 17% to third albums, accounting for a combined 90% of total commitments. The number of artists recording upwards of four career albums represents 10% of approved sums compared with 21% in 2010-2011, 31% in 2009-2010 and 10% in 2008-2009.

NEW ARTISTS

| | 2011-2012 | | | 2010-2011 | | |
|--------------------------|-----------------------|--------------------|------------------|-----------------------|--------------------|------------------|
| | Applications Approved | Amount offered | % Amount offered | Applications Approved | Amount offered | % Amount offered |
| 1 st album | 31 | \$1,096,435 | 59 | 18 | \$585,377 | 32 |
| 2 nd album | 8 | 264,948 | 14 | 14 | 427,353 | 24 |
| 3 rd album | 10 | 323,946 | 17 | 12 | 422,730 | 23 |
| 4 th and more | 7 | 182,808 | 10 | 12 | 378,482 | 21 |
| TOTAL | 56 | \$1,868,137 | 100 | 56 | \$1,813,942 | 100 |

| | 2009-2010 | | | 2008-2009 | | |
|--------------------------|-----------------------|--------------------|------------------|-----------------------|--------------------|------------------|
| | Applications Approved | Amount offered | % Amount offered | Applications Approved | Amount offered | % Amount offered |
| 1 st album | 20 | \$641,408 | 35 | 25 | \$875,344 | 50 |
| 2 nd album | 12 | 374,222 | 20 | 13 | 387,470 | 22 |
| 3 rd album | 9 | 257,691 | 14 | 8 | 307,218 | 18 |
| 4 th and more | 13 | 557,819 | 31 | 5 | 169,878 | 10 |
| TOTAL | 54 | \$1,831,140 | 100 | 51 | \$1,739,910 | 100 |

REGIONAL ALLOCATIONS

As the previous year, two artists from French-speaking minority communities in Canada obtained funding in 2011-2012 which are the Acadian band Radio Radio and Lisa LeBlanc.

Approved projects

| Component 1: Artists | | | |
|--|---|-----------------------|------------------|
| Artist | Applicant | Region | \$ Amount |
| Arthur Marie-Pierre | Bonsound | Gaspésie | 40,000 |
| Avec pas d'casque | Disques Dare to Care | Montréal | 25,846 |
| Beaudet Sophie | Gestion Son Image | Mauricie | 47,381 |
| Bloom Fanny | Disques Dare to Care | Estrie | 30,557 |
| Bodh'aktan | Go Musique | Several regions | 46,013 |
| Breastfeeders | Bonsound | Montréal | 10,000 |
| Breastfeeders | Disques Blow the Fuse | Montréal | 36,013 |
| Canailles | Disques Dare to Care | Québec | 26,566 |
| Caracol | Disques Indica | Québec | 27,000 |
| Caracol | Grosse Maman Productions | Québec | 15,000 |
| Cœur de pirate | Disques Dare to Care | Montréal | 40,251 |
| Desjardins Boom | Entourage Musique | Abitibi-Témiscamingue | 23,685 |
| Drapeau Étienne | Productions Étienne Drapeau | Québec | 15,000 |
| Galaxie | C4 Productions | Québec | 47,561 |
| Giguère David | Disques Audiogram | Québec | 50,000 |
| Hélie Laurence | Gordon Musique | Beauce | 12,436 |
| Hervieux Marc | Zone 3 Musique | Montréal | 29,405 |
| Hunt Jimmy | Disques Dare to Care | Québec | 15,096 |
| Isabeau et les chercheurs d'or | Disques Nomade | Québec | 21,884 |
| Jacques Clément | Sphère Musique | Saguenay | 60,000 |
| Jorane | Avalanche Productions | Québec | 10,000 |
| Jungle Music | Productions Silence d'Or – Disques Diasporama | Monterégie | 34,572 |
| Koriass | Disques 7ième ciel | Laurentides | 60,000 |
| Lacasse Chloé | Vega Musique | South Shore Montréal | 41,811 |
| Landry Maxime | Productions J | Beauce | 30,000 |
| LeBlanc Lisa | Bonsound | New Brunswick | 40,000 |
| Leclerc Salomé | Disques Audiogram | Bois-Francis | 50,000 |
| Leclerc Salomé | Productions Pacifique Barrette | Bois-Francis | 15,000 |
| Letarte Maryse | Disques Rococo | Monterégie | 15,000 |
| Lévesque Émilie | Disques Musicor | Estern Townships | 46,708 |
| Major Catherine | Équipe Spectra | Montréal | 60,000 |
| Malajube | Bonsound | Monterégie | 15,000 |
| Marième | Productions Abuzive Muzik | Québec | 5,481 |
| Marième | Tandem.mu | Québec | 42,797 |
| Michaud Patrice | Équipe Spectra | Gaspésie | 10,000 |
| Michaud Patrice | Productions Pixelia | Gaspésie | 41,025 |
| Monogrenade | Bonsound | Montréal | 65,000 |
| Nadja | MP3 Disques | Saguenay | 50,000 |
| Nevsky Alex | Disques Audiogram | Estern Townships | 2,305 |
| Nevsky Alex | Disques Audiogram | Estern Townships | 15,000 |
| Ouellet Karim | Productions Abuzive Muzik | Québec | 59,834 |
| Peter Peter | Disques Audiogram | Québec | 10,000 |
| Philémon chante | Disques Audiogram | Québec | 10,000 |
| Philippe B | Bonsound | Rouyn-Noranda | 50,000 |
| Philippe B | Bonsound | Rouyn-Noranda | 14,016 |
| Radio Radio | Bonsound | Nova Scotia | 15,510 |
| Raffy | 9224-6255 Québec | Montréal | 30,707 |
| Raymond Randy | High Life Music | Montréal | 59,625 |
| Roy Jonathan | Tandem.mu | Montréal | 44,202 |
| Sagot Julien | Simone Records | Montréal | 52,300 |
| Sir Pathétik | High Life Music | Mauricie | 46,096 |
| St-Pierre Ingrid | Cie Larivée Cabot Champagne | Bas-Saint-Laurent | 64,233 |
| Watson Maybe | Productions Abuzive Muzik | Montréal | 45,902 |
| Watters Andrée | S7 Productions | Québec | 43,622 |
| Webster | Productions Abuzive Muzik | Québec | 8,265 |
| Webster | Productions Abuzive Muzik | Québec | 44,432 |
| Sub-total | | | 1,868,137 |
| Component 2: Collective Project | ADISQ – ACR | | 229,950 |
| TOTAL Components 1 and 2 | | | 2,098,087 |

Funding by music category

In 2011-2012, Pop music has reclaimed the pole position in the number of accepted proposals and given monies. Indeed, 20 projects share \$738,818 that is 39.5 % of allocated sums. It is followed by Alternative music with 21.9% and Hip Hop in third place with 16.8%.

| | 2011-2012 | | | 2010-2011 | | | 2009-2010 | | | 2008-2009 | | |
|-------------------|--------------------------|--------------------|------|--------------------------|--------------------|------|--------------------------|--------------------|------|--------------------------|--------------------|------|
| | Applications Approved | Amount Offered | % | Applications Approved | Amount Offered | % | Applications Approved | Amount Offered | % | Applications Approved | Amount Offered | % |
| Alternative | 13 | \$410,002 | 21.9 | 9 | \$192,296 | 10.6 | 8 | \$265,793 | 14.5 | 4 | \$121,447 | 7.0 |
| Country | 1 | 43,622 | 2.3 | 2 | 80,608 | 4.4 | 0 | 0 | 0 | 2 | 73,204 | 4.2 |
| Contemporary Folk | 7 | 195,305 | 10.5 | 9 | 278,666 | 15.4 | 13 | 352,417 | 19.3 | 9 | 354,596 | 20.4 |
| Hip Hop | 8 | 314,402 | 16.8 | 5 | 179,334 | 9.9 | 5 | 234,901 | 12.8 | 9 | 252,373 | 14.5 |
| Jazz | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 30,000 | 1.6 | 0 | 0 | 0 |
| Children's | 0 | 0 | 0 | 2 | 98,981 | 5.5 | 1 | 60,000 | 3.3 | 0 | 0 | 0 |
| Worldbeat | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2 | 80,865 | 4.6 |
| Urban | 2 | 48,278 | 2.6 | 1 | 24,837 | 1.4 | 2 | 63,875 | 3.5 | 2 | 53,764 | 3.1 |
| Pop rock | 3 | 48,012 | 2.6 | 4 | 181,760 | 10.0 | 7 | 215,986 | 11.8 | 7 | 231,930 | 13.3 |
| Pop | 20 | 738,818 | 39.5 | 19 | 635,048 | 35.0 | 10 | 414,170 | 22.6 | 13 | 411,635 | 23.7 |
| Rock | 1 | 23,685 | 1.3 | 2 | 55,000 | 3.0 | 5 | 102,411 | 5.6 | 2 | 100,096 | 5.8 |
| Traditional | 1 | 46,013 | 2.5 | 3 | 87,412 | 4.8 | 2 | 91,587 | 5.0 | 1 | 60,000 | 3.4 |
| TOTAL | 56 | \$1,868,137 | 100 | 56 | \$1,813,942 | 100 | 54 | \$1,831,140 | 100 | 51 | \$1,739,910 | 100 |

2011-2012

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Fonds RadioStar

We have audited the accompanying financial statements of Fonds RadioStar, which comprise the balance sheet as at August 31, 2012, and the statements of earnings, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

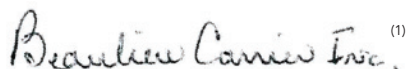
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fonds RadioStar as at August 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "Beaulieu Monique Inc.", with a small superscripted "(1)" to the right.

Anjou,
October 11, 2012

(1) Monique Beaulieu, CPA Auditor, CGA

STATEMENT OF EARNINGS

FOR THE YEAR ENDED AUGUST 31, 2012

| | 2012 | 2011 |
|--|-------------|-------------|
| REVENUE | | |
| Contributions from radio broadcasters | \$2,913,285 | \$2,181,680 |
| Management fees – CAB | (9,450) | – |
| | 2,903,835 | 2,181,680 |
| Interest | 218,594 | 171,654 |
| | 3,122,429 | 2,353,334 |
| OPERATING EXPENSES | | |
| Salaries and fringe benefits | 140,374 | 129,751 |
| Legal and management fees | – | 24,551 |
| Professional fees | 8,523 | 61 |
| Rent | 39,874 | 39,506 |
| Communication | 10,907 | 5,289 |
| Insurance | 2,450 | 2,650 |
| Meeting expenses | 1,482 | 1,090 |
| | 203,610 | 202,898 |
| EXCESS AVAILABLE FOR ASSISTANCE CONTRIBUTIONS | 2,918,819 | 2,150,436 |
| Assistance contributions | 1,369,034 | 1,629,255 |
| EXCESS OF REVENUE OVER EXPENSES BEFORE AMORTIZATION | 1,549,785 | 521,181 |
| Amortization of other asset | 2,257 | 1,505 |
| EXCESS OF REVENUE OVER EXPENSES | \$1,547,528 | \$519,676 |

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

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED AUGUST 31, 2012

2012

2011

UNRESTRICTED NET ASSETS

| | | |
|------------------------------------|---------------------|-------------|
| BALANCE - BEGINNING OF YEAR | \$9,107,532 | \$8,401,826 |
| EXCESS OF REVENUE OVER EXPENSES | 1,547,528 | 519,676 |
| Internally restricted | (262,680) | 186,030 |
| BALANCE - END OF YEAR | \$10,392,380 | \$9,107,532 |

RESTRICTED NET ASSETS (Note 7)

| | | |
|------------------------------------|--------------------|-------------|
| BALANCE - BEGINNING OF YEAR | \$825,146 | \$1,011,176 |
| Internally restricted | 262,680 | (186,030) |
| BALANCE - END OF YEAR | \$1,087,826 | \$825,146 |

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

BALANCE SHEET

AS AT AUGUST 31, 2012

2012

2011

ASSETS

CURRENT

| | | |
|--|-------------|-----------|
| Cash | \$1,029,379 | \$746,622 |
| Accrued interests receivable | 107,968 | 79,120 |
| Term deposit, interest rate of 1.20%, maturing on December 15, 2012 | 600,000 | 3,600,000 |
| Demand deposit, interest rate of 1.00%, maturing on December 23, 2012 | 250,000 | 1,500,000 |
| Prepaid expenses | 1,128 | 12,686 |

1,988,475 5,938,428

LONG-TERM INVESTMENTS

| | | |
|---|-----------|-----------|
| Term deposits, interest rates ranging from 1.60% to 2.24%, maturing between December 10, 2013 and September 12, 2014 | 9,500,000 | 4,000,000 |
|---|-----------|-----------|

| | | |
|-----------------------------|--------------|--------------|
| OTHER ASSET (Note 5) | 5,268 | 7,525 |
|-----------------------------|--------------|--------------|

\$11,493,743 \$9,945,953

LIABILITIES

CURRENT

| | | |
|---------------------|----------|----------|
| Accrued liabilities | \$13,537 | \$13,275 |
|---------------------|----------|----------|

NET ASSETS (Note 6)

| | | |
|---|------------|-----------|
| Unrestricted net assets | 10,392,380 | 9,107,532 |
| Internally restricted net assets (Note 7) | 1,087,826 | 825,146 |

11,480,206 9,932,678

\$11,493,743 \$9,945,953

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

ON BEHALF OF THE BOARD



Lilianne Randall
President



François Bissoondoyal
Treasurer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2012

| | 2012 | 2011 |
|---|--------------------|-------------|
| OPERATING ACTIVITIES | | |
| Contributions received from radio broadcasters | \$2,903,835 | \$2,181,680 |
| Interest received | 189,746 | 151,652 |
| | 3,093,581 | 2,333,332 |
| Assistance contributions paid | 1,369,034 | 1,627,719 |
| Purchase of goods and services paid | 51,791 | 98,631 |
| Employee compensations paid | 139,999 | 128,680 |
| | 1,560,824 | 1,855,030 |
| | 1,532,757 | 478,302 |
| INVESTING ACTIVITIES | | |
| Other asset | – | (9,030) |
| Term deposits | (2,500,000) | – |
| | (2,500,000) | (9,030) |
| DECREASE (INCREASE) IN CASH AND CASH EQUIVALENTS | (967,243) | 469,272 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | 2,246,622 | 1,777,350 |
| CASH AND CASH EQUIVALENTS - END OF YEAR (Note 8) | \$1,279,379 | \$2,246,622 |

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

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

Pursuant to the *Income Tax Act* (Canada) and the *Taxation Act* (Quebec), Fonds RadioStar is classified as a non-profit organization, and therefore, is exempt from income taxes.

2. FUNDING OF THE ORGANIZATION

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

3. SIGNIFICANT ACCOUNTING POLICIES

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

Financial instruments

Fonds RadioStar applies the recommendations of CICA Handbook Section 3861, Financial instruments – disclosure and presentation under which these accounting principles are adopted:

Held-for-trading financial assets and liabilities

Financial instruments classified as held-for-trading financial assets or liabilities are recorded at fair value at each balance sheet date, and any change in fair value is recognized in income in the period during which the change occurs.

Held-to-maturity investments

Financial instruments including held-to-maturity investments are accounted for at amortized cost using the effective interest rate method. Interest income is included in revenue throughout the anticipated duration of the investment.

Revenue recognition

Fonds RadioStar uses the deferral method of accounting to recognize its contributions. Contributions to Fonds RadioStar and its Anglophone counterpart, Radio Starmaker Fund, originate from financial contributions that are required from 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 those two new Canadian music marketing funds.

Generally, for transactions involving Francophone stations, 80% of the 3% is paid to Fonds RadioStar; 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.

Other asset

The other asset is recognized at cost. Amortization is calculated according to the straight-line method over a four-year period.

Contributed services

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

Cash and cash equivalents

According to the presentation policy of RadioStar, cash and cash equivalents include cash and term and demand deposits with maturity dates not exceeding three months from the date of acquisition which are recognized at fair value.

Use of estimates

The preparation 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

4. CAPITAL DISCLOSURES

The Organization defines its capital as restricted and unrestricted net assets. With respect to its capital management, the Organization's objective is to preserve its going concern to continue to fulfil its purpose as described in Note 1 in keeping with its financial resources, and to use its residual balance for commitments and make assistance contributions for newly submitted projects.

The Organization is not subject to externally imposed capital requirements.

5. OTHER ASSET

| | | | 2012 | 2011 |
|---------|---------|--------------------------|----------------|----------------|
| | Cost | Accumulated amortization | Net book value | Net book value |
| Website | \$9,030 | \$3,762 | \$5,268 | \$7,525 |

6. NET ASSETS

The balance of net assets is mainly generated by the aggregate financial contributions from radio broadcasters on business acquisition transactions as required by the Canadian Radio-Television and Telecommunications Commission (CRTC) and from other revenues.

7. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors allocated net assets in the amount of \$1,087,826 (2011: \$825,146) in order to cover the payment of commitments regarding assistance contributions for which the Organization is committed to as at August 31, 2012.

8. CASH AND CASH EQUIVALENTS, END OF YEAR

| | 2012 | 2011 |
|----------------|--------------------|-------------|
| Cash | \$1,029,379 | \$ 746,622 |
| Demand deposit | 250,000 | 1,500,000 |
| | \$1,279,379 | \$2,246,622 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2012

9. RELATED PARTY TRANSACTIONS

The Organization concluded the following related party transactions: contributions received from radio broadcasters of \$1,279,967 (2011: \$960,224) and assistance contributions paid of \$168,924 (2011: \$56,302).

The parties are related due to the fact that their representatives are directors of the Organization. These related entities meet all the criteria established by Fonds RadioStar, and as such, they do not benefit from any particular statute or privilege over another through their membership on the Board of Directors.

These transactions were made in the normal course of business and are measured at the exchange amount for which Management declares that they were carried out under the same terms and conditions as transactions with parties dealing at arm's length.

10. COMMITMENTS

Assistance contributions

Fonds RadioStar is contractually committed to make contributions totalling \$1,087,826 (2011: \$825,146). Of this amount, \$96,152 (2011: \$19,740) represents commitments to related entities.

11. FINANCIAL INSTRUMENTS

Fair value

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

Credit, illiquidity and cash flow risks

Based on the financial instruments it holds, the Organization does not anticipate incurring any significant risks related to credit, illiquidity, or cash flow.

Market risk

Market risk related to investments is minimal since these assets are invested in bank deposits.

12. CONTRIBUTIONS FROM RADIO BROADCASTERS

As at August 31, 2012, radio broadcasters are committed to pay the Organization contributions totalling \$29,897 (2011: \$292,180) in compliance with the Canadian Radio-Television and Telecommunications Commission (CRTC) requirements.

13. OPERATING EXPENSES

Under the terms of the proposal to establish a marketing and promotional fund for French language Canadian music, called "Fonds RadioStar", which was presented by the Canadian Association of Broadcasters (CAB) to the Canadian Radio-television and Telecommunications Commission (CRTC) in September 2000, and approved by the latter on November 9, 2000, the operating expenses cannot exceed 10% of broadcaster contributions made during the Fund's existence. For the period from August 2001 to August 31, 2012, expenses represent 7.9% of contributions.

14. PENSION PLANS

Fonds RadioStar has a defined contribution pension plan providing pension to its employees with at least three months of service. Contributions to the pension plan represent 7% of the basic salary and are subject to the employee's voluntary contribution of 3.5%. The pension plan costs of \$7,997 (2011: \$7,423) are included with salary expenses in the statement of earnings.

FONDS RADIOSTAR

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