



Unaudited Financial Statements
3rd Quarter Ended 31 December 2022

Radio Jamaica Limited

3rd Quarter Ended 31 December 2022 Index

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Directors' interim report to Shareholders

Unaudited Financial Statements

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Radio Jamaica Limited (RJRGLEANER) Report to Stockholders

The directors are pleased to present the unaudited financial results of the RJRGLEANER Communications Group (the Group) for its third quarter ended December 31, 2022.

The adverse factors cited in our last report related to challenging local and global economic conditions continue to impact Jamaica and by extension our core business. Instability in global commodity markets precipitated by the Russia/Ukraine war, continue to drive increased inflation and as yet unresolved supply chain challenges which have significantly affected revenues and expenses. The business again faced significant increases in input costs, most notably, energy and newsprint, upon which our operations depend heavily.

Despite these continuing challenges and primarily as a result of the completion of the amalgamation of 1834 Investments and Radio Jamaica Limited, The Group recorded a pre-tax profit of \$372 million and an after-tax profit of \$381 million for the quarter, compared to a pre-tax profit of \$147 million and an after-tax profit of \$108 million for the similar prior year period.

Primary contributors to this quarter's performance were: -

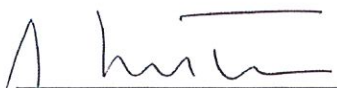
- Bargain Purchase Gain of \$434 million arising from the amalgamation of Radio Jamaica Limited (RJL) and 1834 Investments.
- A decrease of \$3 million (0.2%) in the Group's revenues, driven mainly by decreases in the Audio/Visual division of \$18 million (2.9%) and in the Audio division of \$4 million (1.7%) offset by an increase of \$19 million (3.1%) in the Print and Online division. The Group continued to experience softness in the overall advertising market as businesses continue to be impacted by the aforementioned local and global economic challenges.
- Other income decreased by \$54 million (80%) compared to the prior year period, which included profit on sale of a transmission tower.
- Direct expenses were higher on prior year's results, due mainly to an over 40% increase in newsprint costs resulting from increased production activities, as well as increased prices in the global market.
- Selling expenses increased by \$3 million (1%) driven by increased distribution-related costs.
- Administrative expenses increased by \$29 million (9%) compared with the prior year, driven primarily by increased depreciation charges relating to infrastructure upgrades, 1834 operating costs for December 2022 and one-off consultancy costs.
- Other operating expenses increased by \$39 million (19%) compared with the prior year, driven by increased utility costs, as well as higher repair and maintenance costs.

There has been continued progress in our digital transformation drive in the Group. The Broadcast division has installed new NextGen Television transmission services in Kingston and St. James and continues to expand Over The Air coverage island wide using the ATSC 3.0 digital standard for high-definition TV services. The new digital backhaul network installation has also been substantially advanced.


During the quarter under review, by order dated November 24, 2022, the Supreme Court of Jamaica approved the Scheme of Arrangement to amalgamate Radio Jamaica Limited (RJL) with 1834 Investments Limited (1834). Accordingly, all assets and liabilities of 1834 have been assumed by and vested in RJL. In exchange, RJL paid 1834 shareholders in cash, or by issue of new shares in RJL.

In spite of the challenging circumstances the Group expresses its appreciation for the continued support of stakeholders, including staff, shareholders, advertisers, readers, listeners and viewers.

Approved for issue by the Board of Directors on February 10, 2023, and signed on its behalf by:

Handwritten signature of Joseph M. Matalon in blue ink, consisting of a large initial 'J' followed by 'Matalon' in a cursive script.

Joseph M. Matalon, CD
Chairman

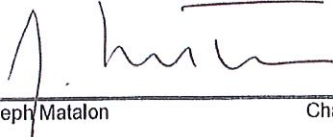
Handwritten signature of Gary Allen in blue ink, featuring a large, stylized 'G' and 'A' followed by 'Allen' in a cursive script.

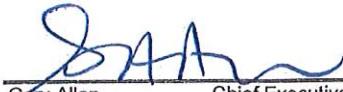
Gary Allen CD, JP
Chief Executive Officer

Consolidated Balance Sheet (Unaudited)
3rd Quarter Ended 31 December 2022

| | Note | Unaudited | Audited |
|--|------|-------------------------|----------------------|
| | | December 2022 \$'000 | March 2022 \$'000 |
| Non-Current Assets | | | |
| Fixed assets | | 3,231,363 | 1,984,825 |
| Investment properties | | 80,918 | 80,918 |
| Intangible assets | 6 | 364,146 | 452,652 |
| Deferred tax asset | | 144,672 | 142,890 |
| Retirement benefit assets | 7 | 91,906 | 91,906 |
| Investment securities | | 294,533 | 24,268 |
| Investments accounted for using the equity method | 9 | 437,208 | 121,957 |
| | | <u>4,644,746</u> | <u>2,899,416</u> |
| Current Assets | | | |
| Inventories | | 213,244 | 118,494 |
| Securities purchased under resale agreements | | 366,094 | - |
| Receivables | 8 | 1,163,823 | 1,182,340 |
| Taxation recoverable | | 113,303 | 42,566 |
| investments | | 538,735 | 750,871 |
| | | <u>2,395,199</u> | <u>2,094,271</u> |
| Current Liabilities | | | |
| Payables | | 1,652,469 | 1,397,368 |
| Taxation payable | | 2,914 | 49,869 |
| | | <u>1,655,383</u> | <u>1,447,237</u> |
| Net Current Assets | | <u>739,816</u> | <u>647,034</u> |
| | | <u>5,384,562</u> | <u>3,546,450</u> |
| Stockholders' Equity | | | |
| Share capital | 9 | 3,603,582 | 2,041,078 |
| Foreign currency translation | 10 | (17,210) | (13,601) |
| Fair value reserve | | (4,138) | - |
| Retained earnings | | 1,041,177 | 760,509 |
| | | <u>4,623,411</u> | <u>2,787,986</u> |
| Non-controlling Interests | | 1,948 | 1,948 |
| Non-Current Liabilities | | | |
| Finance lease obligations | 11 | 6,447 | 3,056 |
| Long term loans | 12 | 404,839 | 408,717 |
| Deferred tax liabilities | | 97,690 | 94,519 |
| Retirement benefit obligations | 7 | 250,226 | 250,224 |
| | | <u>5,384,562</u> | <u>3,546,450</u> |

Approved for issue by the Board of Directors on February 10, 2023 and signed on its behalf by:


 Joseph Matalon Chairman


 Gary Allen Chief Executive Officer

Radio Jamaica Limited

Consolidated Statement of Changes in Equity (Unaudited)
3rd Quarter Ended 31 December 2022

| | Attributable to Stockholders of the Company | | | | | | Non-controlling Interests Total | Total |
|------------------------------------|---|------------------|-------------------|------------------------------|--------------------|----------------------|---------------------------------|------------------|
| | Number of Shares | Share Capital | Retained Earnings | Foreign Currency Translation | Fair Value Reserve | Equity Owners' Total | | |
| | '000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 31 March 2020 | 2,397,683 | 2,041,078 | 278,271 | (14,826) | (7,135) | 2,297,388 | 1,948 | 2,299,336 |
| Total comprehensive income | - | - | 223,128 | 7,951 | - | 231,079 | - | 231,079 |
| Transfer to retained earnings | - | - | (7,135) | - | 7,135 | - | - | - |
| Balance at 31 March 2021 | 2,397,683 | 2,041,078 | 494,264 | (6,875) | - | 2,528,467 | 1,948 | 2,530,415 |
| Total comprehensive income | - | - | 314,694 | (6,726) | - | 307,968 | - | 307,968 |
| Ordinary dividends | - | - | (48,449) | - | - | (48,449) | - | (48,449) |
| Balance at 31 March 2022 | 2,397,683 | 2,041,078 | 760,509 | (13,601) | - | 2,787,986 | 1,948 | 2,789,934 |
| Fair value loss investments | - | - | - | - | (4,138) | (4,138) | - | (4,138) |
| Issue of shares | 601,019 | 1,562,504 | - | - | - | 1,562,504 | - | 1,562,504 |
| Total comprehensive income | - | - | 329,118 | (3,609) | - | 325,509 | - | 325,509 |
| Ordinary dividends | - | - | (48,450) | - | - | (48,450) | - | (48,450) |
| Balance at 31 December 2022 | 2,998,702 | 3,603,582 | 1,041,177 | (17,210) | (4,138) | 4,623,411 | 1,948 | 4,625,359 |
| Balance at 31 March 2021 | 2,397,683 | 2,041,078 | 494,264 | (6,875) | - | 2,528,467 | 1,948 | 2,530,415 |
| Ordinary dividends | - | - | (48,448) | - | - | (48,448) | - | (48,448) |
| Total comprehensive income | - | - | 245,578 | 6,250 | - | 251,828 | - | 251,828 |
| Balance at 31 December 2021 | 2,397,683 | 2,041,078 | 691,394 | (625) | - | 2,731,847 | 1,948 | 2,733,795 |

Consolidated Cash Flow (Unaudited)

3rd Quarter Ended 31 December 2022

| | Unaudited December 2022 \$'000 | Unaudited December 2021 \$'000 |
|---|---|---|
| CASH RESOURCES WERE (USED IN)/PROVIDED BY: | | |
| Operating Activities | | |
| Net Profit | 329,118 | 245,578 |
| Items not affecting cash: | | |
| Depreciation and amortisation | 245,888 | 209,696 |
| Loss/(Gain) on disposal of fixed assets | 91 | (22,630) |
| Bargain purchase gain | (433,826) | - |
| Interest income | (6,513) | (3,357) |
| Dividend income | (512) | 527 |
| Interest expense | 38,036 | 32,423 |
| Income tax charge | (17,260) | 73,891 |
| Exchange gain/(loss) on foreign currency balances | (8,554) | 9,755 |
| Revaluation of investment securities | (799) | 344 |
| | <u>145,669</u> | <u>546,227</u> |
| Changes in operating assets and liabilities: | | |
| Inventories | (94,750) | (257,054) |
| Receivables | 34,620 | (193,014) |
| Payables | 35,586 | 475,244 |
| | <u>121,124</u> | <u>571,403</u> |
| Income tax recoverable/(paid) | (112,348) | (27,086) |
| Net Cash provided by in operating activities | <u>8,776</u> | <u>544,317</u> |
| Investing Activities | | |
| Proceeds from disposal of fixed assets | - | 9,887 |
| Purchase of fixed assets and intangibles | (305,788) | (590,394) |
| Purchase of investments | (6,030) | - |
| Interest received | 5,549 | 4,070 |
| Investments in associates | (27,084) | (20,557) |
| Net Cash used in investing activities | <u>(333,353)</u> | <u>(596,994)</u> |
| Financing Activities | | |
| Loan received | 150,000 | - |
| Loans repaid | (176,015) | (64,125) |
| Principal lease repayments | 2,193 | (7,593) |
| Interest paid | (38,036) | (32,423) |
| Dividends paid | (48,450) | (48,448) |
| Exchange (losses)/gains on cash and cash equivalents | 8,554 | (9,755) |
| Net Cash used in financing activities | <u>(101,753)</u> | <u>(162,345)</u> |
| (Decrease)/increase in cash and cash equivalents | <u>(426,330)</u> | <u>(215,022)</u> |
| Cashflow from effect of amalgamation | 214,194 | - |
| Cash and cash equivalents at beginning of year | <u>750,871</u> | <u>725,305</u> |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | <u>538,735</u> | <u>510,283</u> |

Company Statement of Comprehensive Income (Unaudited)

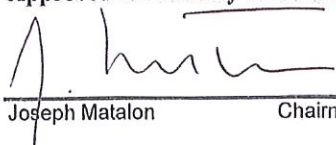
3rd Quarter Ended 31 December 2022

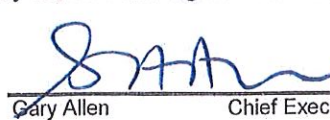
| Current 3 Months to 31/12/22 | Prior Year 3 Months to 31/12/21 | | Year-to-Date 9 Months to 31/12/22 | Prior Year 9 Months to 31/12/21 |
|------------------------------------|---------------------------------------|----------------------------------|---|---------------------------------------|
| \$'000 | \$'000 | | \$'000 | \$'000 |
| 187,983 | 184,836 | Revenue | 540,902 | 537,129 |
| (68,953) | (72,183) | Direct expenses | (203,960) | (212,145) |
| 119,031 | 112,653 | Gross Profit | 336,943 | 324,984 |
| 8,963 | 24,055 | Other income | 45,284 | 66,039 |
| (32,347) | (34,111) | Selling expenses | (91,287) | (90,896) |
| (89,005) | (64,798) | Administration expenses | (228,892) | (206,007) |
| (37,247) | (27,661) | Other operating expenses | (99,046) | (93,729) |
| (30,605) | 10,138 | Operating Profit | (36,998) | 390 |
| (4,278) | 236 | Finance costs | (9,447) | (1,969) |
| (34,883) | 10,374 | Profit before Taxation | (46,445) | (1,579) |
| 9,249 | (1,818) | Taxation | 9,960 | 1,112 |
| (25,634) | 8,556 | Net Profit after taxation | (36,485) | (467) |

Company Balance Sheet (Unaudited)
3rd Quarter Ended 31 December 2022

| | Unaudited | Audited |
|---------------------------------|------------------|------------------|
| | December 2022 | March 2022 |
| | \$'000 | \$'000 |
| Non-Current Assets | | |
| Fixed assets | 510,871 | 448,062 |
| Intangible assets | 8,488 | 932 |
| Retirement benefit asset | 91,906 | 91,906 |
| Deferred tax asset | 34,495 | 34,495 |
| Investment in subsidiaries | 3,387,359 | 1,824,854 |
| Investment securities | 30,896 | 24,067 |
| | 4,064,015 | 2,424,316 |
| Current Assets | | |
| Inventories | 22,547 | 4,405 |
| Due from subsidiaries | 596,312 | 442,294 |
| Receivables | 235,283 | 220,885 |
| Taxation recoverable | 35,438 | 21,780 |
| Cash and short term investments | 172,001 | 436,535 |
| | 1,061,581 | 1,125,899 |
| Current Liabilities | | |
| Payables | 500,353 | 429,548 |
| Taxation payable | - | - |
| Due to subsidiaries | 337,425 | 299,919 |
| | 837,778 | 729,467 |
| Net Current Assets | 223,803 | 396,432 |
| | 4,287,818 | 2,820,748 |
| Equity | | |
| Share capital | 3,603,583 | 2,041,078 |
| Fair value reserves | (4,138) | - |
| Retained earnings | 208,516 | 293,450 |
| | 3,807,961 | 2,334,528 |
| Non-Current Liabilities | | |
| Long term loans | 402,355 | 408,717 |
| Retirement benefit obligations | 77,503 | 77,503 |
| | 4,287,819 | 2,820,748 |

Approved for issue by the Board of Directors on February 10, 2023 and signed on its behalf by:


Joseph Matalon Chairman


Gary Allen Chief Executive Officer

Company Statement of Changes in Equity (Unaudited)
3rd Quarter Ended 31 December 2022

| | Attributable to Stockholders of the Company | | | | Total \$'000 |
|------------------------------------|---|-------------------------|---------------------------------|--------------------------------|------------------|
| | Number of Shares '000 | Share Capital \$'000 | Fair Value Reserve \$'000 | Retained Earnings \$'000 | |
| Balance at 31 March 2020 | 2,397,683 | 2,041,078 | (7,135) | 314,959 | 2,348,902 |
| Total comprehensive income | - | - | - | 45,566 | 45,566 |
| Transfer to retained earnings | - | - | 7,135 | (7,135) | - |
| Balance at 31 March 2021 | 2,397,683 | 2,041,078 | - | 353,390 | 2,394,468 |
| Total comprehensive income | - | - | - | (11,491) | (11,491) |
| Ordinary dividends | - | - | - | (48,449) | (48,449) |
| Balance at 31 March 2022 | 2,397,683 | 2,041,078 | - | 293,450 | 2,334,528 |
| Issue of shares | 601,019 | 1,562,504 | - | - | 1,562,504 |
| Ordinary dividends | - | - | - | (48,450) | (48,450) |
| Fair value loss investments | - | - | (4,138) | - | (4,138) |
| Total comprehensive income | - | - | - | (36,484) | (36,484) |
| Balance at 31 December 2022 | 2,998,702 | 3,603,582 | (4,138) | 208,516 | 3,807,960 |
| Balance at 31 March 2021 | 2,397,683 | 2,041,078 | - | 353,390 | 2,394,468 |
| Total comprehensive income | - | - | - | (467) | (467) |
| Ordinary dividends | - | - | - | (48,448) | (48,448) |
| Balance at 31 December 2021 | 2,397,683 | 2,041,078 | - | 304,475 | 2,345,553 |

Company Cash Flow (Unaudited)
3rd Quarter Ended 31 December 2022

| | Unaudited December 2022 \$'000 | Unaudited December 2021 \$'000 |
|---|---|---|
| Cash Flows from Operating Activities | | |
| Operating Activities | | |
| Net Profit | (36,485) | (467) |
| Items not affecting cash: | | |
| Depreciation and amortisation | 34,679 | 27,714 |
| Gain on disposal of fixed assets | 1,032 | (104) |
| Dividend income | (512) | 527 |
| Interest income | (5,549) | (3,829) |
| Interest expense | 9,446 | 1,968 |
| Income tax | (9,961) | (1,113) |
| Exchange (gains)/loss on foreign currency balances | (7,069) | 6,608 |
| Revaluation of investment securities | (799) | 344 |
| | <u>(15,218)</u> | <u>31,648</u> |
| Changes in operating assets and liabilities: | | |
| Inventories | (18,142) | (41,198) |
| Due from/to subsidiaries | (116,512) | (30,417) |
| Receivables | (14,398) | (37,451) |
| Payables | 89,539 | 60,697 |
| | <u>(74,731)</u> | <u>(16,721)</u> |
| Income tax recoverable | (13,658) | (4,647) |
| | <u>(88,390)</u> | <u>(21,368)</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from disposal of fixed assets | - | 1,579 |
| Purchase of investments | (6,030) | (7,140) |
| Purchase of fixed assets | (106,077) | (92,191) |
| Interest received | 5,549 | 3,829 |
| | <u>(106,557)</u> | <u>(93,923)</u> |
| Cash Flows from Financing Activities | | |
| Loan received | 150,000 | - |
| Loans repaid | (168,760) | (23,455) |
| Interest paid | (9,446) | (1,968) |
| Dividends paid | (48,450) | (48,448) |
| Exchange gains/(losses) on cash and cash equivalents | 7,069 | (6,608) |
| | <u>(69,587)</u> | <u>(80,479)</u> |
| Decrease in cash and cash equivalents | (264,534) | (195,770) |
| Cash and cash equivalents at beginning of year | 436,535 | 466,186 |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | <u>172,001</u> | <u>270,416</u> |

Segment Report (Unaudited)
 Nine Months Ending 31 December 2022

| | Audio Visual | Audio | Print & Others | Sub-total | Eliminations | Total |
|-----------------------------|-----------------|-----------|-------------------|-----------|--------------|-----------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| DECEMBER 2022 | | | | | | |
| Revenues | 1,857,254 | 620,298 | 1,813,695 | 4,291,246 | (102,607) | 4,188,639 |
| Operating profit/(loss) | 86,194 | (52,095) | (99,884) | (65,786) | (18,146) | (83,932) |
| Assets | 2,775,360 | 5,215,597 | 1,253,256 | 9,244,213 | (2,204,269) | 7,039,945 |
| Liabilities | 1,229,426 | 1,322,380 | 821,542 | 3,373,348 | (958,763) | 2,414,585 |
| Capital expenditure | 142,895 | 108,654 | 54,240 | 305,789 | - | 305,789 |
| Depreciation & amortisation | 119,025 | 34,679 | 74,040 | 227,744 | 18,144 | 245,888 |
| Finance costs | 19,428 | 10,129 | 8,479 | 38,036 | - | 38,036 |
| DECEMBER 2021 | | | | | | |
| Revenues | 1,964,551 | 629,144 | 1,807,772 | 4,401,468 | (90,811) | 4,310,655 |
| Operating Profit/(Loss) | 290,200 | 22,994 | 56,844 | 370,038 | (18,146) | 351,892 |
| Assets | 3,417,697 | 3,859,831 | 1,552,072 | 8,829,600 | (3,718,098) | 5,111,503 |
| Liabilities | 2,034,263 | 1,429,021 | 969,678 | 4,432,962 | (2,055,254) | 2,377,709 |
| Capital expenditure | 435,564 | 92,191 | 62,639 | 590,394 | - | 590,394 |
| Depreciation & amortisation | 105,785 | 27,714 | 58,053 | 191,552 | 18,144 | 209,696 |
| Finance costs | 17,596 | 3,220 | 11,607 | 32,423 | - | 32,423 |

Notes to the financial statements
3rd Quarter Ended 31 December 2022

NOTES

1. This condensed consolidated interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last audited annual consolidated financial statements as at and for the year ended March 31, 2022. The accounting policies followed in the interim financial statements are consistent with the most recent annual report.
2. Revenue comprises the sale of airtime, programme material, web hosting fees, digital advertising, print advertising, print copy sales, subscriptions, pay-per-view services and the rental of studios and equipment, net of General Consumption Tax. Revenue in respect of airtime and programming is recognised on performance of the underlying service. Subscription revenue is recognised over the life of the subscription.
3. Other income represents interest income, library sales, net foreign exchange (losses)/gains, profit/(loss) on sale of fixed assets, net unrealised gains on revaluation of investment securities classified at fair value through profit and loss, "Cross Country" revenues, and rental income.
4. Taxation expense in the statement of comprehensive income comprises current and deferred tax amounts. Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that are in effect at the reporting date.

Deferred tax is tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

5. Earnings per ordinary stock unit is calculated by dividing the net profit attributable to stockholders by the weighted average number of ordinary stock units in issue during the year. The weighted average number of ordinary stock units were increased by the issue of shares to 1834 shareholders amounting to 601,019,187, during the period.
6. Intangible assets represent Goodwill, Broadcast Rights, Computer software, Brand and Lease. Goodwill, Brand and Lease arose on the acquisition of The Gleaner Company (Media) Limited (GCML). Brand is amortised over its estimated useful lives.

7. Retirement benefits

The Group sponsors two pension schemes:-

1. A defined benefit pension scheme covering all qualifying permanent employees of Radio Jamaica Limited, Multi-Media Jamaica Limited and Television Jamaica Limited is operated as the RJR Staff Pension Scheme. This scheme is managed by Proven Wealth Management Limited and by Trustees.
 2. A defined contribution pension fund covering all qualifying permanent employees of The Gleaner Company (Media) Limited (GCML) and Independent Radio Company Limited who have satisfied certain minimum service requirements. The fund is managed and administered by JN Fund Managers Limited and by Trustees.
8. The category Receivables consists of trade receivables, prepayments and other receivables.
 9. In the amalgamation of 1834 Investments, 601,019,187 additional shares were issued by Radio Jamaica Limited to the 1834 shareholders. Share capital represents authorised number of shares of 3,633,781,481; issued and fully paid shares of 3,023,506,841 (2,422,487,654 December 2021). The Bargain Purchase Gain of \$434 million represents the excess of fair value of net assets acquired from 1834 over the net price paid for such net assets. The gain is primarily attributable to the acquisition of land and buildings which in 1834's books were previously encumbered by the terms of a lease agreement between 1834 and R.J.L. The increase in Investments accounting for using the equity method relates to a 50% ownership in Jamaica Joint Venture Company Limited (JJV) based on the 1834 amalgamation.

10. Foreign Currency Translation:

Foreign currency translation reserves materially represent foreign exchange adjustments arising on the translation of foreign subsidiaries for consolidation purposes.

11. The Group entered into finance lease arrangements for the acquisition of motor vehicles and transmission equipment. The Group's obligation under these leases has been recorded at amounts equal to the present value of future lease payments using interest rates implicit in the leases.
12. The Long term loans are secured and unsecured, repayable on a monthly basis.