

BUXIY



HALF YEAR ENDED

December 31, 2012



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COMPANY INFORMATION

COMPANY INFORMATION

Board of Directors:

Mr. Bashir Ahmed	Chairman
Mr. Shamshad Ali	Chief Executive Officer
Mr. H.P. Kotwal	
Mr. Sheikh Ajaz Majid	
Mr. Fakhrul Arfin	
Mr. Salman Tarik Kureshi	
Mr. Saeed Mohammad Sheikh	
Mr. Sheikh Asim Rafiq	(NIT Nominee)
Mr. Muhammad Hanif Idrees	(Alternate Director to Mr. Sheikh Ajaz Majid)

Audit Committee:

Mr. H.P. Kotwal	Chairman
Mr. Salman Tarik Kureshi	Member
Mr. Muhammad Hanif Idrees	Member

Human Resource and Remuneration Committee:

Mr. Saeed Mohammad Sheikh	Chairman
Mr. Fakhrul Arfin	Member
Mr. Shamshad Ali	Member

Company Secretary:

Mr. Shayan Mufti

Auditors:

KPMG- Taseer Hadi & Co.
Chartered Accountants

Legal Advisor:

Mr. Laiq Ahmed Khan

Bankers:

Habib Metro Bank Limited
Habib Bank Limited
NIB Bank Limited
National Bank of Pakistan
MCB Bank Limited
Bank Alfalah

Share Registrar:

THK Associates (Pvt.) Limited
Ground Floor, State Life Building No.3,
Dr. Ziauddin Ahmed Road,
Karachi, 75530, P.O. Box no. 8533,
UAN : +92 (21) 111-000-3222
Fax : +92 (21) 35655595

Registered Office:

X-3, Manghopir Road, S.I.T.E., Karachi-75700.

Web Site Address:

<http://www.buxly.com>



DIRECTORS' REVIEW

The directors of your company are submitting the unaudited condensed interim financial statements for the six months ended December 31, 2012.

Although sales value for the period under review has been at Rs. 63.28 Million as against Rs.53.59 Million for the corresponding period of the last year, gross margins for the current period has been under pressure and low by 2% of the sales value from the previous period of the last year. Increased financial charges by Rs. 2.4 Million from corresponding period of the last year resulted in net loss after tax of Rs. 0.43 Million as against profit after tax of Rs. 1.1 Million.

Despite the increasing challenges, we will strive for better results.

Chief Executive Officer

Director

Date: 28 February 2013
Karachi.



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Auditors' Report to Members on Review of Interim Financial Information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Buxly Paints Limited** ("the Company") as at 31 December 2012 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity for the six-months period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Other Matters

The figures for the quarter ended 31 December 2012 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date : 28 February 2013
Karachi


KPMG Taseer Hadi & Co.
Chartered Accountants

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.



**CONDENSED INTERIM BALANCE SHEET
AS AT 31 DECEMBER 2012**

	Note	Un-Audited 31 December 2012 (Rupees in '000)	Audited 30 June 2012
ASSETS			
Non-Current Assets			
Property, plant and equipment	6	488	491
Investment property	7	1,449	1,449
Long term loans and advances		991	889
Long term deposits		91	91
Deferred tax asset	8	-	-
		<u>3,019</u>	<u>2,920</u>
Current Assets			
Stock in trade	9	25,489	26,118
Trade debts - unsecured	10	38,568	35,089
Current portion of long term loans and advances		419	354
Mark-up receivable		133	77
Advances and deposits	11	7,991	8,168
Prepayments and other receivables		4,381	5,643
Taxation - net		4,312	4,471
Term deposit receipts		1,630	150
Cash and bank balances	12	7,101	10,847
		<u>90,024</u>	<u>90,917</u>
Total Assets		<u>93,043</u>	<u>93,837</u>
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital			
5,000,000 (30 June 2012: 5,000,000) ordinary shares of Rs. 10 each		<u>50,000</u>	<u>50,000</u>
Issued, subscribed and paid-up capital 1,440,000 (30 June 2012: 1,440,000) ordinary shares of Rs. 10 each		14,400	14,400
Reserves		5,993	5,993
Accumulated losses		<u>(14,527)</u>	<u>(14,098)</u>
		<u>5,866</u>	<u>6,295</u>
Current Liabilities			
Short term running finance - secured		-	1,836
Loan from related party	13	40,000	-
Trade and other payables	14	44,693	85,626
Interest and mark-up accrued		2,484	80
		<u>87,177</u>	<u>87,542</u>
Contingencies and commitments	15		
Total Equity and Liabilities		<u>93,043</u>	<u>93,837</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Note	Six months period ended		Quarter ended	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011
		(Rupees in '000)		(Rupees in '000)	
Sales - net	16	63,275	53,589	36,478	28,387
Cost of sales	17	(52,290)	(43,065)	(30,638)	(22,525)
Gross profit		10,985	10,524	5,840	5,862
Distribution and selling expenses	18	(6,113)	(5,448)	(3,326)	(2,909)
Administrative expenses	19	(2,975)	(3,422)	(1,670)	(1,994)
		(9,088)	(8,870)	(4,996)	(4,903)
Operating profit		1,897	1,654	844	959
Other income		648	356	362	66
		2,545	2,010	1,206	1,025
Financial charges		(2,658)	(249)	(1,578)	(119)
Workers' Profit Participation Fund		-	(88)	13	(46)
Workers' Welfare Fund		-	(33)	5	(15)
		(2,658)	(370)	(1,560)	(180)
(Loss) / profit before taxation		(113)	1,640	(354)	845
Taxation					
- Current		(316)	(536)	(182)	(536)
- Prior years		-	-	-	-
		(316)	(536)	(182)	(536)
(Loss) / profit for the period		(429)	1,104	(536)	309
(Loss) / earnings per share - basic and diluted		(0.30)	0.77	(0.37)	0.21

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	<u>Six months period ended</u>		<u>Quarter ended</u>	
	<u>31 December</u> <u>2012</u>	<u>31 December</u> <u>2011</u>	<u>31 December</u> <u>2012</u>	<u>31 December</u> <u>2011</u>
	(Rupees in '000)		(Rupees in '000)	
(Loss) / profit after taxation	(429)	1,104	(536)	309
Other comprehensive income	-	-	-	-
Total comprehensive (loss) / income	<u>(429)</u>	<u>1,104</u>	<u>(536)</u>	<u>309</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	31 December 2012	31 December 2011
	(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / profit before taxation	(113)	1,640
Adjustments for:		
- Depreciation	61	50
- Provision in respect of stock in trade	-	393
- Provision for doubtful debts	-	317
- Financial charges	2,603	245
	2,664	1,005
	2,551	2,645
Working capital changes		
(Increase) / decrease in current assets		
Stock in trade	629	(3,787)
Trade debts	(3,479)	(3,879)
Advances and deposits	177	678
Prepayments and other receivables	1,262	28
	(1,411)	(6,960)
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	(40,933)	6,699
Cash (used in) / generated from operations	(39,793)	2,384
Financial charges paid	(255)	(242)
Income tax paid	(157)	(460)
	(412)	(702)
Net cash (used in) / generated from operating activities	(40,205)	1,682
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in term deposits	(1,480)	-
Long term loans and advances	(167)	(290)
Additions to property, plant and equipment	(58)	(44)
Net cash used in investing activities	(1,705)	(334)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan received during the period	40,000	-
Net cash from financing activities	40,000	-
Net (decrease) / increase in cash and cash equivalents	(1,909)	1,348
Cash and cash equivalents at beginning of the period	9,010	1,148
Cash and cash equivalents at end of the period	7,101	2,496
Cash and cash equivalent comprises:		
Cash and bank balances	7,101	5,092
Short-term running finance	-	(2,596)
	7,101	2,496

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2012**

	Issued, subscribed and paid-up capital	General reserve	Accumulated loss	Total
(Rupees in '000).....			
Balance as at 30 June 2011	14,400	5,993	(15,751)	4,642
<i>Total comprehensive income for the period</i>				
Profit for the six months period ended 31 December 2011	-	-	1,104	1,104
Balance as at 31 December 2011	14,400	5,993	(14,647)	5,746
<i>Total comprehensive income for the period</i>				
Profit for the six months period ended 30 June 2012	-	-	549	549
Balance as at 30 June 2012	14,400	5,993	(14,098)	6,295
<i>Total comprehensive income for the period</i>				
Loss for the six months period ended 31 December 2012	-	-	(429)	(429)
Balance as at 31 December 2012	<u>14,400</u>	<u>5,993</u>	<u>(14,527)</u>	<u>5,866</u>

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

Chief Executive Officer

Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED) FOR THE SIX MONTHS PERIOD ENDED 31 DECEMBER 2011

1. STATUS AND NATURE OF BUSINESS

The Company was incorporated in Pakistan in April 1954 as a private limited company under the Companies Act, 1913 (now the Companies Ordinance, 1984) with registered office in Karachi, Sindh and subsequently converted into a public limited company in May 1985. Its shares are listed on the Karachi and Lahore Stock Exchanges. The principal activity of the Company is manufacturing and sale of paints, pigments, protective surface coating, varnishes and other related products under a toll manufacturing agreement with Berger Paints Pakistan Limited dated 06 January 2003, at a specified toll manufacturing fees. As per the agreement, the Company will deliver the materials, packing, filling and other bulk components, together with other ingredients to Berger Paints Pakistan Limited, who will process the ingredients and packs the products and delivers the product to the Company or designated party in Pakistan indicated by the Company.

The registered office of the Company is situated at X-3, Manghopir Road, S.I.T.E. Karachi, Pakistan.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Company for the six months period ended 31 December 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information is un-audited and is being submitted as required by Section 245 of the Companies Ordinance, 1984.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the financial statements for the year ended 30 June 2012.

4. ESTIMATES

The preparation of condensed interim financial information requires management to make judgements, estimates and assumptions that effect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to financial statements as at end for the year ended 30 June 2012.

5. RISK MANAGEMENT

The Company's risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2012.



31 December
2012
(un-audited)
....(Rupees in '000)....

30 June
2012
(Audited)
....(Rupees in '000)....

6 PROPERTY, PLANT AND EQUIPMENT

The following additions were made at cost during the period:

Computers	<u>58</u>	<u>157</u>
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7. INVESTMENT PROPERTY

On 18 April 2012, the Company rented out portion of the land to Berger Paints Pakistan Limited as approved by the Board of Directors and shareholders of the Company. Further, the remaining land is currently held for an undetermined future use, accordingly, the land has been classified as investment property in accordance with the requirements of International Accounting Standard 40 - Investment property.

8. DEFERRED TAXATION

Deferred tax asset amounting to Rs. 16.385 million on provision of trade debts and stock in trade, unused tax losses and minimum tax has not been recognised in the financial statements as it is not probable that taxable profits will be available in the future against which such deductible temporary differences will be utilised.

	Notes	31 December 2012 (un-audited)(Rupees in '000)....	30 June 2012 (Audited)(Rupees in '000)....
9. STOCK-IN-TRADE			
Packing material		1,243	1,097
Work-in-process		7,046	6,401
Finished goods		<u>19,978</u>	<u>21,398</u>
		<u>28,267</u>	<u>28,896</u>
Provision against slow moving stocks:			
- Finished goods	9.1	<u>(2,778)</u>	<u>(2,778)</u>
		<u>25,489</u>	<u>26,118</u>
9.1 Particulars of provision are as follows:			
Opening balance		2,778	2,385
Charge for the year		-	393
Closing balance		<u>2,778</u>	<u>2,778</u>
10. TRADE DEBTS - unsecured			
Considered good		38,568	35,089
Considered doubtful		<u>26,688</u>	<u>26,688</u>
		<u>65,256</u>	<u>61,777</u>
Provision against debts considered doubtful	10.1	<u>(26,688)</u>	<u>(26,688)</u>
		<u>38,568</u>	<u>35,089</u>
10.1 Particulars of provision are as follows:			
Opening balance		26,688	26,884
Charge / (reversal) for the year		-	(196)
Closing balance		<u>26,688</u>	<u>26,688</u>



	Notes	31 December 2012 (un-audited)(Rupees in '000)...	30 June 2012 (Audited)
11. ADVANCES AND DEPOSITS			
Advances - unsecured, considered good			
Employees		54	40
Deposits			
Margin against letters of guarantee		2,370	2,636
Earnest money and tender deposits	11.1	5,521	5,446
Central Depository Company of Pakistan Limited		10	10
Suppliers		21	21
Others		15	15
		<u>7,937</u>	<u>8,128</u>
		<u>7,991</u>	<u>8,168</u>
11.1 This represents earnest money and tender deposits with Government and other institutions.			
12. CASH AND BANK BALANCES			
Cash in hand		16	35
Cash at bank - in current accounts		<u>7,085</u>	<u>10,812</u>
		<u>7,101</u>	<u>10,847</u>
13. LOAN FROM RELATED PARTY			
On 10 July 2012, the Company received an advance of Rs. 40 million from M.S. Orchids (Private) Limited, a related party through an agreement dated 30 June 2012. As per the agreement, M.S. Orchids (Private) Limited desired to help the Company to meet its annual sales target through dealers network and to facilitate the business requirements of the Company.			
The Company shall pay service charges at the rate of 4% on its annual net sales value, to be worked out on the basis of audited annual accounts of the Company. The provisional payments shall be made on quarterly basis by 15 October, 15 January, 15 April and 15 July for the respective preceding quarters. As the Company intends to settle the whole amount within one year, this has been classified as current liability.			
14. TRADE AND OTHER PAYABLES			
Creditors	14.1	42,385	58,965
Accrued liabilities			
Accrued expenses		1,133	922
Salaries payable		3	-
		1,136	922
Unclaimed dividend		<u>319</u>	<u>319</u>
		<u>43,840</u>	<u>60,206</u>
Other liabilities			
Advances from customers		-	25,177
Unfunded gratuity scheme		7	7
Workers' profit participation fund		9	9
Employees' provident fund		31	27
Commission payable		64	64
Others	14.2	742	136
		<u>853</u>	<u>25,420</u>
		<u>44,693</u>	<u>85,626</u>



14.1 Included herein is a sum of Rs. 37.165 million (30 June 2012: Rs.42.251 million) due to Berger Paints Pakistan Limited, an associated undertaking.

14.2 It includes payables on account of union subscription, EOBI, employee income tax and income tax on commissions.

31 December 2012 (un-audited)	30 June 2012 (Audited)
....(Rupees in '000)....	

15. CONTINGENCIES AND COMMITMENTS

Letter of guarantees	2,370	2,636
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These represent guarantees given against suppliers to Government departments against their orders and in favour of Collector of Central Excise Department and Customs.

	Six months ended		Quarter ended	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
(Rupees in '000).....			
16. SALES - net				
Gross sales	74,281	62,799	42,896	33,181
Sales tax	(10,246)	(8,641)	(5,900)	(4,556)
	64,035	54,158	36,996	28,625
Commission and discount	(760)	(569)	(518)	(238)
	63,275	53,589	36,478	28,387

17. COST OF SALES

Opening stock

Container and packing material	1,097	597	1,157	627
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Add: Purchases

Raw material	45,817	41,438	22,894	24,003
Container and packing material	3,291	3,577	1,524	1,948
	49,108	45,015	24,418	25,951
	50,205	45,612	25,575	26,578

Less: Closing stock

Container and packing material	(1,243)	(854)	(1,243)	(854)
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Raw material, container and packing material consumed	48,962	44,758	24,332	25,724
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Manufacturing expenses

Toll manufacturing expenses	2,553	1,836	1,372	847
	51,515	46,594	25,704	26,571



	<u>Six months ended</u>		<u>Quarter ended</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
 (Rupees in '000)			

Work in process

Opening Stock	6,401	3,060	4,967	3,551
Closing stock	(7,046)	(7,957)	(7,046)	(7,957)
	(645)	(4,897)	(2,079)	(4,406)
Cost of goods manufactured	50,870	41,697	23,625	22,165
Opening stock of finished goods	21,398	17,716	26,991	16,708
Closing stock of finished goods	(19,978)	(16,348)	(19,978)	(16,348)
	1,420	1,368	7,013	360
Cost of goods sold	52,290	43,065	30,638	22,525

18. DISTRIBUTION AND SELLING EXPENSES

Salaries, wages and other benefits	4,377	3,845	2,375	1,922
Advertising expenses / sales promotion	57	64	57	28
Carriage outward	1,294	1,008	793	565
Depreciation	46	25	26	19
Others	338	506	75	375
	6,113	5,448	3,326	2,909

19. ADMINISTRATIVE EXPENSES

Salaries, wages and other benefits	1,229	875	661	540
Depreciation	15	25	10	6
Provision for doubtful debts	-	317	-	67
Provision for slow moving stock	-	393	-	393
Service charges	120	360	60	180
Others	1,610	1,452	939	808
	2,975	3,422	1,670	1,994

20. RELATED PARTY RELATIONSHIP AND TRANSACTIONS

The related parties comprise of Berger Paints Pakistan Limited, associated companies with or without common directors, other companies with common directors, key management personnel, directors and their close family members. The transactions with related parties are entered into at commercial / agreed terms and conditions. Transactions with key management personnel are made as per the term of employment.

Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial information are as follows:



	<u>Six months period ended</u>	
	<u>31 December</u> <u>2012</u>	<u>31 December</u> <u>2011</u>
Berger Paints Pakistan Limited(Rupees in '000).....	
Purchases	<u>45,817</u>	<u>41,438</u>
Toll manufacturing expenses incurred	<u>2,553</u>	<u>1,836</u>
Carriage outward	<u>1,294</u>	<u>1,008</u>
Service charges	<u>120</u>	<u>360</u>
Royalty income	<u>291</u>	<u>352</u>
Rent income	<u>300</u>	<u>-</u>
Rent expense	<u>120</u>	<u>120</u>
M.S. Orchids Private Limited		
Service charges	<u>2,484</u>	<u>-</u>
Buxly Paints Limited Provident Fund		
Company's contribution	<u>94</u>	<u>14</u>
Due from Berger Paints Pakistan Limited	<u>11,700</u>	<u>11,700</u>
Due to Berger Paints Pakistan Limited.	<u>37,165</u>	<u>42,251</u>
Royalty income receivable		
from Berger Paints Pakistan Limited	<u>291</u>	<u>352</u>
National Bank of Pakistan - bank deposit	<u>44</u>	<u>29</u>
Loan from M.S. Orchids (Private) Limited	<u>40,000</u>	<u>-</u>
Remuneration of key management personnel		
Management remuneration	<u>1,386</u>	<u>1,051</u>
House rent and other benefits	<u>911</u>	<u>698</u>

21. DATE OF AUTHORISATION FOR ISSUE

21.1 These condensed interim financial information were authorized for issue in the Board of Directors meeting held on 28 February 2013.

21.2 Figures have been rounded off to the nearest thousand of rupees.

Chief Executive Officer

Director

Adding Value & Protection

Buxly has been manufacturing superior quality paints since 1933. The company's focus on quality and durability through constant research and development have kept the Buxly's name synonymous with customer's trust, generation after generation.

Today, Buxly offers a comprehensive range of products. From preparatory materials to finishing products for regular painting needs for buildings, industries and for extreme conditions and very specialized applications.

When you buy Buxly, you buy excellence in protective and decorative finishes.

Buxly's - commitment to excellence in quality

- 📁 Extensive product Research & Development.
- 📁 Trained and dedicated professional staff.
- 📁 Emphasis on modern Quality Control techniques.