SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 - For the fiscal year ended December 31, 1999

Commission file number 1-13905

COMPX INTERNATIONAL INC.
(Exact name of registrant as specified in its charter)

Delaware	57-0981653
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
16825 Northchase Drive, Suite 1200, Houston, TX	77060
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (281) 423-3377

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Class A common stock ($.01 par value per share)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None.

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of February 29, 2000, 6,148,580 shares of Class A common stock were outstanding. The aggregate market value of the 5.8 million shares of voting stock held by nonaffiliates of Valhi, Inc. as of such date approximated $108 million.

Documents incorporated by reference

The information required by Part III is incorporated by reference from the Registrant's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this report.

PART I

ITEM 1. BUSINESS

General

CompX International Inc. (NYSE: CIX) is a leading manufacturer of ergonomic computer support systems, precision ball bearing slides and security

products for use in office furniture, computer-related applications and a variety of other products. The Company's products are principally designed for use in medium to high-end applications, where product design, quality and durability are critical to the Company's customers. The Company believes that it is among the world's largest producers of ergonomic computer support systems for office furniture manufacturers, precision ball bearing slides and security products consisting of cabinet locks and other locking mechanisms. In 1999, CompX generated net sales of $225.9 million, a 49% increase from 1998 (an increase of 5% excluding sales attributable to acquisitions). In 1999, ergonomic computer support systems, precision ball bearing slides and security products accounted for approximately 19%, 48% and 33% of net sales, respectively.

Valhi, Inc. and Valhi's wholly-owned subsidiary Valcor, Inc. own 64% of the Company's outstanding common stock. Contran Corporation holds, directly or through subsidiaries, approximately 93% of Valhi's outstanding common stock. Substantially all of Contran's outstanding voting stock is held either by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is the sole trustee, or by Mr. Simmons directly. Mr. Simmons is Chairman of the Board and Chief Executive Officer of each of Contran, Valhi and Valcor and may be deemed to control each of such companies and CompX.

The Company was incorporated in Delaware in 1993 under the name National Cabinet Lock, Inc. At that time, Valhi contributed the assets of its Cabinet Lock Division and the stock of Waterloo Furniture Components Limited. In 1996, the Company changed its name to CompX International Inc. In 1998, the Company issued approximately 6 million shares of its common stock in an initial public offering and CompX acquired two additional lock producers. In 1999, CompX acquired two additional slide producers and in January 2000 acquired another lock producer. See Note 2 to the Consolidated Financial Statements.

As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions that the statements in this Annual Report on Form 10-K relating to matters that are not historical facts, including, but not limited to, statements found in this Item 1 - "Business," Item 3 - "Legal Proceedings," Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 7A - "Quantative and Qualitative Disclosures About Market Risk," are forward-looking statements that represent management's belief and assumptions based on currently available information. Forward-looking statements can be identified by the use of words such as "believes," "intends," "may," "should," "anticipates," "expected" or comparable terminology, or by discussions of strategies or trends. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve substantial risks and uncertainties that could significantly impact expected results, and actual future results could differ materially from those described in such forward-looking statements. Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed in this Annual Report and those described from time to time in the Company's other filings with the Securities and Exchange Commission. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties including, but not limited to, future supply and demand for the Company's products, cost of raw materials, general global economic and political conditions, demand for office furniture, service industry employment levels, the possibility of labor disruptions, competitive products and prices, substitute products, customer and competitor strategies, the introduction of tariff or non-tariff trade barriers, the impact of pricing and production decisions, potential difficulties in integrating completed acquisitions, environmental matters (such as those requiring emission and discharge standards for existing and new facilities), government regulations and possible changes therein, possible future litigation and other risks and uncertainties. Should one or more of these risks materialize (or the consequences of such a development worsen), or should the underlying assumptions prove incorrect, actual results could differ materially from those forecasted or expected. The Company disclaims any intention or obligation to update or revise any forward-looking statement whether as a result of new information, future events or otherwise.

Industry Overview

During the mid 1990's, prior to 1998, approximately 75% of the Company's products were sold to the office furniture manufacturing industry. As a result of strategic acquisitions in the lock industry in 1998 and in the precision ball bearing slide industry in 1999, the Company has expanded its product offering and reduced its percentage of sales to the office furniture

market. Currently, approximately 62% of the Company's products are sold to the office furniture manufacturing industry while the remainder are sold for use in other products, such as vending equipment, electromechanical enclosures, transportation, computers and related equipment, and other non-office furniture and equipment. CompX's management believes that its emphasis on new product development, sales of its ergonomic computer support systems as well as slide and security products used in computer applications result in the Company experiencing higher rates of growth than the office furniture industry as a whole.

The Company believes that fundamental shifts in technology, health considerations and work processes in the office workplace provide new growth opportunities. Increased use of technology has caused businesses to redesign their workspaces with greater emphasis on the space efficient integration of computers and other office technologies into the office workplace as well as protecting computer equipment from damage and theft. Additionally, increased regulatory sensitivity to ergonomic concerns and heightened focus on the risks of repetitive stress injury have also influenced redesign of the office workplace. In 1996, California became the first state to adopt legislation relating to ergonomics in the workplace. In Europe, organizations like the International Organization for Standardization and the European Committee for Standardization have proposed draft guidelines that specify ranges of adjustment in height and angle of workstation tabletops and computer keyboard support mechanisms aimed at reducing the likelihood of injury from repetitive stress tasks. In the United States, the Occupational Safety & Health Administration has recently issued a draft standard that addresses guidelines for ergonomic standards in the workplace. This standard is a program-oriented standard that will place responsibility on the employer to mitigate the risk of musculoskeletal injury in workplaces prone to cause repetitive stress injuries. It is currently believed that this proposal may be adopted as an OSHA standard during the year 2000.

The influence of existing and proposed legislation concerning workplace ergonomics continues to affect the demand for ergonomically designed office furniture products, which allow workers to adjust and re-arrange the orientation of office equipment and supplies for greater comfort, safety and productivity. Businesses increasingly are seeking changes in work processes to achieve more efficient workspace utilization, resulting in the creation of new office furniture designs that embrace office sharing concepts such as office "hoteling" and open office designs. The Company's products target manufacturers of new furniture designed to address these industry dynamics as well as customers that specialize in retrofitting existing office furniture.

Products

CompX manufactures and sells components in three major product lines: ergonomic computer support systems, precision ball bearing slides and security products. The Company's ergonomic computer support systems and precision ball bearing slides are sold under the Waterloo Furniture Components, Thomas Regout and Dynaslide brand names and the Company's security products are sold under the National Cabinet Lock, Fort Lock, Timberline Lock and Chicago Lock brand names. The Company believes that its brand names are well recognized in the industry.

Ergonomic computer support systems. CompX is a leading manufacturer and innovator in ergonomic computer support systems for office furniture. Unlike products targeting the residential market, which is more price sensitive with less emphasis on the overall value of products and service, the CompX line consists of more highly engineered products designed to provide ergonomic benefits for business and other sophisticated users.

The Company's ergonomic computer support systems include adjustable computer keyboard support arms. These devices are designed to attach to office desks in workplace and in home office environments where there exists a need to permit computer users to adjust their computer keyboard to various heights and positions to alleviate possible strains and stress which may result from repetitive activities, such as typing or data entry on computer keyboards. These products also maximize usable workspace and permit the storage of the keyboard underneath the desk. CompX introduced its first ergonomic keyboard arm in 1983 and the Leverlock adjustment mechanism in 1989, which is designed to make the adjustment of the keyboard arm easier for all (including physically challenged)

users. In 1999, the Company introduced the Lift-n-Lock mechanism that allows adjustment of the keyboard arm without the use of levers or knobs.

In 1999, the Company began a program to utilize its engineering and design capabilities to develop proprietary ergonomic product designs for its key customers. Under this program, the Company will design and manufacture products on a proprietary basis for key customers. The Company believes this program will allow it to provide its customers one-stop shopping for product designs and manufacturing capabilities. In 1999, the Company completed a proprietary keyboard arm design for one of its key office furniture customers. The product design combines both the ergonomic functionality and the aesthetics to complement the customer's line of office furniture products. Sales of this product began in mid-1999. In late 1999, a second proprietary adjustable keyboard arm design was begun for another office furniture customer.

The Company is currently developing a height adjustable work surface utilizing its patented twin-lift mechanism. This product provides the user significantly more work surface than the traditional keyboard arm. The enhanced work surface can be used to support a mouse tray and other ergonomic related products at a height adjustable level.

Adjustable computer table mechanisms address the need for flexibility and adjustability in work surfaces. The Company's adjustable table mechanisms provide adjustable workspace heights that permit users to stand or sit and that can be easily adjusted for different user needs. The Company is also developing a height adjustable work table whereby the Company's patented counterbalancing feature will allow the user to easily adjust the height of the entire work surface without the use of levers or cranks.

The prevalence of computers in the workplace has also created a need for safe and convenient storage solutions for the central processor unit ("CPU") case. In 1997, the Company introduced a CPU storage device that can be mounted under a work surface or on the side of desk panels to store the CPU case off the floor to minimize the adverse effects of dust and moisture or damage from accidental impact. The unit operates on a slide mechanism that also pivots to provide ease of access to peripheral connections while allowing convenient, unobtrusive storage.

CompX also offers a number of complementary accessories to its main products. These include ergonomic wrist rest aids, mouse pad supports and computer monitor support arms, such as the Monitor Master for the adjustment of heavy monitors to reduce eye strain.

Precision ball bearing slides. CompX manufactures a complete line of precision ball bearing slides for use in office furniture, computer related equipment and other applications. Precision ball bearing slides are manufactured to stringent industry standards and are designed in conjunction with office furniture original equipment manufacturers ("OEMs") to meet the needs of end users with respect to weight support capabilities and ease of movement.

In addition to its basic product line, sales based on patented innovations account for an increasing proportion of the Company's sales growth. In 1994, CompX introduced the Butterfly Take Apart System, which is designed to easily disengage drawers from filing cabinets. The following year, the Company began selling its Integrated Slide Lock ("ISL"), with which a file cabinet manufacturer can reduce the possibility of multiple drawers being opened by the user at the same time, significantly reducing the risk of injury from a falling cabinet while lowering the total cost of manufacturing the complete file cabinet. The Company's patented concept affords OEM's cost savings advantages in production, since the ISL is designed as an integral part of the drawer slide, compared to custom fabricated add-on solutions previously utilized by most manufacturers.

In recent years, applications other than office furniture have represented a rapidly growing source of demand for the Company's precision ball bearing slides. Opportunities in heavy-duty applications such as tool storage cabinets and electromechanical applications have created new market opportunities. As a result of the design efforts focused on these markets, CompX created the Ball Lock to prevent heavily filled drawers, such as auto mechanic tool boxes, from opening while cabinets are moved during routine use in the field. The Company's products are used extensively in professional toolboxes

and, increasingly, in electromechanical imaging equipment to facilitate the movement of machine components in the document reproduction process.

The Company acquired Thomas Regout in January 1999, and in November 1999 acquired the business that produces the Dynaslide line of precision ball bearing slides ("Dynaslide"). These acquisitions expand the Company's market presence in the precision, ball bearing slide market, allowing it to service the high- medium- and low-end segments of the market. These products in the U.S., in Europe and in Asia are utilized in highly engineered applications such as computer network server cabinets where convenient access for hardware upgrades and maintenance is required while providing stability and protection to critical network system components.

Security products. The Company believes that it is a North American market leader in the manufacturer and sale of cabinet locks and other locking mechanisms. The Company manufactures locking mechanisms that generally fall into three categories: disc tumbler cabinet locks, pin tumbler locks and KeSet and Tubar high security locks.

Disc tumbler locks, also called wafer tumbler or plate tumbler locks, derive their keying from a series of flat tumblers with a window in the middle through which the key passes to open the lock. This type of lock is normally limited to two levels of keying, a passkey and one master key. A disc tumbler lock provides moderate security and is manufactured at all four of the Company's security products facilities. Disc tumbler locks represent the lowest cost lock to produce, resulting in lower selling prices to customers.

Pin tumbler locks are keyed with a series of small pins manufactured on in-house automatic screw machines. A stack of pins is required for each cut in a key. Due to the increased number of parts, this type of lock is more costly to manufacture than a disc tumbler lock, and offers increased variety in keying with more than one level of master keying. Pin tumbler locks also provide substantially more security and are commonly used in banking, vending, computer and institutional furniture industries. Tubular key pin tumbler locks are designed for significant special applications for major customers, particularly in the vending industry. These proprietary products are redesigned frequently, which requires a substantial ongoing engineering effort.

The Company's industrial customers include manufacturers of cabinet enclosures, from office furniture to electrical circuit panels to vending machines. A substantial portion of the Company's sales volume involves specialized adaptations to individual manufacturers' enclosure specifications. CompX also has a standardized product line suitable for many customers. However, a substantial portion of the Company's volume involves specialized adaptations to individual manufacturer's enclosure specifications.

The Company's acquisition of Fort Lock in March 1998 expanded the Company's offering of locking mechanisms to include several new market segments. These include locks for ignition systems and storage compartments for a major motorcycle manufacturer and products to major OEM's including manufacturers of aftermarket security devices for desktop and laptop computers. Electronic locks utilized in safes in hotel rooms and sold in retail stores, as well as versions for securing tool boxes are also a significant product line added as a result of the Fort Lock acquisition.

The Company's KeSet high security system is a proprietary design of a pin tumbler lock with parts manufactured from hardened steel components to prevent forced entry. A significant feature of the product line is the ability to change the keying on a single lock 64 times without removing the lock from its enclosure. This product is used primarily to protect money in applications such as soft drink vending machines, gaming machines and parking meters where higher levels of security are required as is the patented Tubar high security lock gained in the Company's acquisition of the assets of Chicago Lock Company, discussed below.

Each of the industries served with cabinet locks has a distribution segment for replacement needs or for supplying small shops whose volume is not substantial enough to buy directly from a lock manufacturer. CompX has met this need in part with its industry-industry-unique STOCK LOCKS inventory program. Partially as a result of this program, the Company believes it holds the largest cabinet lock market share in North America in both locksmith and hardware component distribution.

The Company's STOCK LOCKS distribution program represents approximately 15% of its security products sales. This program is comprised of over 1,200

stock keeping units (also referred to as SKUs) of standardized locking products. This program plans, manufactures and packages locks to inventory with a variety of keying and finishes for shipment to customers generally within 24 hours of receipt of the customer order, and is being expanded to include products from all of CompX's securities products companies.

Sales under this program are made both to a North American distribution and Factory Centers network as well as to large OEMs when special needs require either smaller quantities or non-special products other than their normal volume requirements. This network supplies the Company's products both to after-market replacement markets and to cabinet shops who do not purchase directly from the Company due to their smaller size.

The established distributor network for STOCK LOCKS has been used to develop a standardized product line in other segments of the Company's products. Currently both ergonomic computer support systems and, to a limited extent, precision ball bearing slides, are enjoying growing marketing success through these and new ergonomic distribution channels.

In January 2000, the Company acquired substantially all of the operating assets of Chicago Lock Company, including its wholly owned subsidiary, Tubar Security Products. The acquisition of Chicago Lock expands the Company's product offerings into the vending and gaming industries.

Sales, Marketing and Distribution

CompX sells components to OEMs and to distributors through a specialized sales force. The majority of the Company's sales are to OEMs, while the balance represents standardized products sold through distribution channels.

Sales to large OEM customers are made through the efforts of factory-based sales and marketing professionals and engineers working in concert with salaried field salespeople and independent manufacturer's representatives. Manufacturers' representatives are selected based on special skills in certain markets or with current or potential customers.

A significant portion of the Company's sales are made through distributors. The Company has a significant market share of cabinet lock sales to the locksmith distribution channel. CompX supports its distributor sales with a line of standardized products used by the largest segments of the marketplace. These products are packaged and merchandised for easy availability and handling by distributors and the end user. Based on the Company's successful STOCK LOCKS inventory program, similar programs have been implemented for distributor sales of ergonomic computer support systems and to some extent precision ball bearing slides. Since their addition to the Company's distributor product line in 1992, sales of these products to the distributor market have grown to represent approximately 10% of combined ergonomic computer support systems and precision ball bearing slide net sales.

To afford a competitive advantage to the Company as well as to customers, ergonomic computer support system and precision ball bearing slides in North America are delivered primarily by means of a Company-owned tractor/trailer fleet. This satellite-monitored fleet improves the timely and economic delivery of products to customers. Another important economic advantage to the Company's customers of an in-house trucking fleet is that it allows the shipment of many products in returnable metal baskets (in lieu of corrugated paper cartons), which avoids both the environmental and economic burden of disposal.

The Company does not believe it is dependent upon one or a few customers, the loss of which would have a material adverse effect on its operations. In 1997, 1998 and 1999, sales to the Company's ten largest customers accounted for approximately 30%, 40% and 30% of sales, respectively. In 1997 and 1999, sales to the Company's largest customer were less than 10% of the Company's total sales. In 1998, one customer, Hon Industries Inc., accounted for approximately 10% of sales. In 1997, six of the Company's top ten customers were located in the United States. In 1998 and 1999, nine of the Company's top ten customers were located in the United States.

Acquisitions

In January 1999, the Company acquired Thomas Regout Holding N.V. ("Thomas Regout"), a producer of precision ball bearing slides based in the Netherlands, for $53.2 million. In November 1999, the Company acquired the business that manufactures the Dynaslide line of precision ball bearing slides, which are

produced in two manufacturing plants in Taipei, Taiwan. The Company believes that Dynaslide is one of the lowest cost producers of precision ball bearing slides in the world, and this acquisition enables CompX to offer products to its customers at the low, middle and high-end requirements of the precision ball bearing slide market. See Note 2 to the Consolidated Financial Statements.

As previously reported, in March and November 1998 the Company acquired two locking systems producers - Fort Lock Corporation and related assets and Timberline Lock, Ltd. and related assets.

In January 2000, the Company acquired substantially all of the operating assets of Chicago Lock Company for approximately $9.2 million in cash. CompX used borrowings under its existing credit facility to pay the cash purchase price.

Manufacturing and operations

At December 31, 1999, CompX operated six manufacturing facilities in North America (two in each of Canada and Illinois and one in each of South Carolina and Michigan), one facility in the Netherlands and two facilities in Taiwan. Ergonomic products or precision ball bearing slides are manufactured in the facilities located in Canada, the Netherlands and Taiwan. Security products are manufactured in the facilities located in South Carolina and Illinois. CompX also leases a distribution center in California. CompX believes that all its facilities are well maintained and satisfactory for their intended purposes.

Raw Materials

Coiled steel is the major raw material used in the manufacture of precision ball bearing slides and ergonomic computer support systems. Plastic resins for injection molded plastics are also an integral material for ergonomic computer support systems. Purchased components, including zinc castings, are the principal raw materials used in the manufacture of security products. These raw materials are purchased from several suppliers and are readily available from numerous sources.

The Company occasionally enters into raw material arrangements to mitigate the short-term impact of future increases in raw material costs. While these arrangements do not commit the Company to a minimum volume of purchases, they generally provide for stated unit prices based upon achievement of specified volume purchase levels. This allows the Company to stabilize raw material purchase prices provided the specified minimum monthly purchase quantities are met. Materials purchased on the spot market are sometimes subject to unanticipated and sudden price increases. Due to the competitive nature of the markets served by the Company's products, it is often difficult to recover such increases in raw material costs through increased product selling prices and consequently overall operating margins can be affected by such raw material cost pressures.

Competition

The office furniture market is highly competitive. Suppliers to office furniture OEMs compete on the basis of (i) product design, including ergonomic and aesthetic factors, (ii) product quality and durability, (iii) price, (iv) on-time delivery and (v) service and technical support. The Company focuses its efforts on the middle- and high-end segments of the market, where product design, quality, durability and service are placed at a premium.

The market for the Company's security products is also highly competitive. This market is highly fragmented with a number of small- to medium-sized manufacturers who supply the market. There are a number of small- to medium-sized importers of products manufactured in Asia. Lock manufacturers and distributors compete on the basis of (i) product design, (ii) custom engineering capability, (iii) price and (iv) order fulfillment lead times. Through its Fort Lock, Timerbline Lock and Chicago Lock acquisitions, the Company has broadened its product offering. The Company has also continued to place a high level of emphasis on customer service and responsiveness to individual customer needs.

The Company believes it derives a significant competitive advantage as a result of its focus on (i) a collaborative approach to product design and engineering, (ii) increased manufacturing and assembly automation and (iii) implementation of distribution programs that reduce order fulfillment times.

The Company competes in the ergonomic computer support systems market

with one major producer and a number of small manufacturers that compete primarily on the basis of product quality, features and price. The Company competes in the precision ball bearing slide market with two large manufacturers and a number of smaller manufacturers that compete primarily on the basis of product quality and price. The Company's security products compete with a variety of relatively small competitors, which makes significant price increases difficult.

Although the Company believes that it has been able to compete successfully in its markets to date, there can be no assurance that it will be able to continue to do so in the future.

Patents and Trademarks

CompX holds a number of patents relating to its component products, certain of which are believed to be important to CompX and its continuing business activity. CompX's major trademarks and brand names, including National Cabinet Lock, Fort Lock, Timberline Lock, Chicago Lock, Tubar, Thomas Regout, STOCK LOCKS, ShipFast, Waterloo Furniture Components Limited and Dynaslide, are protected by registration in the United States and elsewhere with respect to the products it manufactures and sells. The Company believes such trademarks are well recognized in the component products industry.

Foreign operations

The Company has substantial operations and assets located outside the United States, principally slide and ergonomic product operations in Canada, and beginning in 1999, in the Netherlands and Taiwan. See Note 2 to the Consolidated Financial Statements. Substantially all of the Company's 1999 non-U.S. sales are to customers located in Canada and Europe. Foreign operations are subject to, among other things, currency exchange rate fluctuations and the Company's results of operations have in the past been both favorably and unfavorably affected by fluctuations in currency exchange rates. Political and economic uncertainties in certain of the countries in which the Company operates may expose the Company to risk of loss. The Company does not believe that there is currently any likelihood of material loss through political or economic instability, seizure, nationalization or similar event. The Company cannot predict, however, whether events of this type in the future could have a material effect on its operations. See Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 7A - "Quantitative and Qualitative Disclosures About Market Risk" and Note 1 to the Consolidated Financial Statements.

Environmental Matters

The Company's operations are subject to federal, state, local and foreign laws and regulations relating to the use, storage, handling, generation, transportation, treatment, emission, discharge, disposal and remediation of, and exposure to, hazardous and non-hazardous substances, materials and wastes ("Environmental Laws"). The Company's operations also are subject to federal, state, local and foreign laws and regulations relating to worker health and safety. The Company believes that it is in substantial compliance with all such laws and regulations. The costs of maintaining compliance with such laws and regulations have not significantly impacted the Company to date, and the Company has no significant planned costs or expenses relating to such matters. There can be no assurance, however, that compliance with future Environmental Laws or with future laws and regulations governing worker health and safety will not require the Company to incur significant additional expenditures, or that such additional costs would not have a material adverse effect on the Company's business, consolidated financial condition, results of operations or liquidity.

Employees

As of December 31, 1999, the Company employed approximately 2,145 employees, including 700 in the United States, 890 in Canada, 385 in the Netherlands, 130 in Taiwan and 40 in France. Approximately 85% of the Company's employees in Canada are represented by a labor union. The Company's collective bargaining agreement with such union expired in January 2000 and is currently being renegotiated. The provisions of the expired agreement are being maintained during the negotiation period. In addition, substantially all of the hourly employees, at the Company's recently acquired Chicago Lock facility (which employed approximately 240 employees, approximately 170 of which were hourly employees, at January 10, 2000, the date of acquisition) are covered by a collective bargaining agreement expiring in October 2000. The Company believes that its labor relations are satisfactory.

ITEM 2. PROPERTIES

The Company's principal executive offices are located in approximately 3,200 square feet of leased space at 16825 Northchase Drive, Houston, Texas 77060. The following table sets forth the location, size and general product types produced for each of the Company's facilities.

Facility Name	Location	Size (square feet)	Products Produced
Owned Facilities:			
Manitou	Kitchener, Ontario	280,000	Slides
Trillium	Kitchener, Ontario	116,000	Ergonomic products
Thomas Regout	Maastricht, the Netherlands	270,000	Slides
	Grand Rapids, MI	60,000	Slides and Ergonomic products
National Cabinet Lock	Mauldin, SC	163,000	Locks
Fort Lock	River Grove, IL	100,000	Locks
Timberline	Lake Bluff, IL	16,000	Locks
Dynaslide	Taipei, Taiwan	43,000	Slides
Leased Facilities:			
Dynaslide	Taipei, Taiwan	32,000	Slides
Chicago Lock	Pleasant Prairie, WI	65,000	Locks
Chicago Tubar	Hoffman Estates, IL	5,000	Locks
Chicago Lock	Hoffman Estates, IL	5,000	Lock distribution
Distribution Center	Chino, CA	6,000	Product distribution

The Manitou, Maastricht, and National Cabinet Lock facilities are ISO-9001 registered. The Dynaslide owned facility is ISO-9002 registered. ISO-9001 registration of the Trillium, Grand Rapids and Fort Lock facilities is anticipated in 2001. The Company believes that all its facilities are well maintained and satisfactory for their intended purposes. The leases associated with Chicago Lock facilities were assumed in January 2000.

ITEM 3. LEGAL PROCEEDINGS

The Company is involved, from time to time, in various environmental, contractual, product liability, patent (or intellectual property) and other claims and disputes incidental to its business. Currently no environmental or other material litigation is pending or, to the knowledge of the Company, threatened. The Company currently believes that the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the quarter ended December 31, 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The Company's Class A common stock is listed and traded on the New York Stock Exchange (symbol: CIX). As of February 29, 2000, there were approximately 31 holders of record of CompX Class A common stock. The following table sets forth the high and low closing sales prices for CompX Class A common stock for 1998 and 1999 (subsequent to the Company's March 1998 initial public offering), according to the New York Stock Exchange Composite Tape, and dividends paid per share during such periods. On February 29, 2000 the closing price per share of CompX Class A common stock according to the NYSE Composite Tape was $18 5/8.

	High	Low	Dividends paid
Year ended December 31, 1998			
First Quarter	$24 3/16	$23 1/8	$ -
Second Quarter	27 1/2	19 5/8	-
Third Quarter	24 11/16	16 3/4	-
Fourth Quarter	26 1/2	16 3/16	-
Year ended December 31, 1999			
First Quarter	$26 7/16	$12 3/4	$ -
Second Quarter	17 7/8	12 1/8	-
Third Quarter	19	15 1/2	-
Fourth Quarter	19 1/2	17 5/8	.125

Subsequent to the Company's March 1998 initial public offering of shares of its Class A common stock, the Company paid its first regular quarterly dividend in December 1999. The declaration and payment of future dividends and the amount thereof will be dependent upon the Company's results of operations, financial condition, cash requirements for its businesses, contractual requirements and restrictions and other factors deemed relevant by the Board of Directors.

Prior to the March 1998 initial public offering, the Company paid dividends to Valcor aggregating $6.1 million in 1997 and $1.8 million in 1998. In addition, on December 12, 1997, the Company paid a $50 million dividend to Valcor in the form of a note payable. The Company utilized borrowings under its Revolving Senior Credit Facility to repay in full the note payable to Valcor in 1998.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data should be read in conjunction with the Company's Consolidated Financial Statements and Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The Company's operations are comprised of a 52 or 53 week fiscal year. Each of the years 1995 through 1997 and 1999 consisted of a 52 week year and 1998 was a 53 week year.

	Years ended December 31,				
	1995	1996	1997	1998	1999
	($ in millions, except per share data)				
Income Statement Data					
Net sales	$ 80.2	$ 88.7	$ 108.7	$ 152.1	$ 225.9
Operating income	$ 19.4	$ 21.6	$ 27.1	$ 30.8	$ 40.1
Income before income taxes	$ 19.9	$ 22.1	$ 27.7	$ 32.5	$ 39.2
Income taxes	7.8	9.1	11.0	12.0	14.1
Minority interest in losses	--	--	--	(.2)	(.1)
Net income	$ 12.1	$ 13.0	$ 16.7	$ 20.7	$ 25.2
Cash dividends (1)	$ 6.0	$ 6.2	$ 6.1	$ 1.8	$ 2.0
Basic earnings per share data	$ 1.21	$ 1.30	$ 1.67	$ 1.37	$ 1.56
Weighted average common shares outstanding	10.0	10.0	10.0	15.1	16.1
Balance Sheet Data (at year end):					
Cash and other current assets	$ 27.7	$ 32.2	$ 45.4	$ 86.5	$ 72.5
Total assets	44.4	48.5	63.8	152.4	202.9
Current liabilities	9.6	8.1	64.4	20.3	27.0
Long-term debt, including current maturities	.1	.2	50.4	1.7	22.3
Stockholders' equity (deficit)	32.6	39.2	(1.2)	130.0	149.4

(1) In addition to the amounts shown above, in December 1997 the Company paid a $50 million dividend to Valcor in the form of a demand note payable. The note was repaid in February 1998 using borrowings under the Company's Revolving Senior Credit Facility. See Note 10 to the Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company sells ergonomic computer support systems and precision ball bearing slides and security products which consist of cabinet locks and locking mechanisms. The Company manufactures its ergonomic and slide products in facilities located in Canada, the Netherlands, Taiwan and Michigan. The Company's security products are manufactured in facilities located in South Carolina, Illinois and Wisconsin. During the mid-1990's, prior to 1998, approximately 75% of the Company's net sales were to customers in the office furniture industry. Beginning in 1998, the Company has increased its net sales and net income through internal growth and through a series of strategic acquisitions. The acquisitions have allowed the Company to expand its product offerings and customer base to include a larger number of non-office furniture industry products and customers. In 1998, primarily as a result of the Fort Lock acquisition, approximately 50% of the Company's net sales were to customers in the office furniture industry. In 1999, the Company acquired two precision ball bearing slide producers allowing it to expand its product offering to encompass the high, medium, and low ends of the precision ball bearing slide market. In 1999, approximately 62% of the Company's net sales were to customers in the office furniture industry. The Company's customer base now includes customers in the computer and related products, transportation and recreation industries as well as its traditional office furniture industry customers.

In March 1998, the Company completed the acquisition of the Fort Lock Corporation and related assets for an aggregate purchase price of approximately $33 million (the "Fort Lock Acquisition"). Funding of the Fort Lock Acquisition was provided by available cash on hand and borrowings under the Revolving Senior Credit Facility, which borrowings were repaid with a portion of the net proceeds of the Company's initial public offering. In November 1998, the Company acquired Timberline Lock, Ltd. and related assets, a manufacturer of locks for wood furniture applications, for approximately $8 million in cash funded by available cash on hand.

In January 1999, the Company acquired Thomas Regout, a precision ball bearing slide producer, for a purchase price of $53.2 million using available cash on hand and $20 million of borrowings under the Company's $100 million revolving bank credit facility. In November 1999, the Company acquired Dynaslide for $11.8 million in cash.

Assuming the Thomas Regout and Fort Lock Acquisitions occurred January 1, 1998, the Company's unaudited pro forma net sales would have been $212.6 million in 1998 and pro forma operating income would have been $32.5 million. The pro forma financial information is not necessarily indicative of actual results had the transactions occurred at the beginning of the period, nor do they purport to represent results of future operations of the merged companies. The pro forma effects of the Timberline Lock and Dynaslide acquisitions are not material.

The Company's profitability primarily depends on its ability to utilize its production capacity effectively, which is affected by, among other things, the demand for its products, and its ability to control its manufacturing costs, primarily comprised of raw materials such as zinc, copper, coiled steel and plastic resins and of labor costs. Raw material costs represent approximately 47% of the Company's total cost of sales. Beginning in August 1998, steel prices declined approximately 5%, resulting in an overall decrease in raw material costs of approximately 2% in 1998 compared to 1997. In 1999, steel prices did not change significantly. The Company occasionally enters into raw material supply arrangements to mitigate the short-term impact of future increases in raw material costs. While these arrangements do not commit the Company to a minimum volume of purchases, they generally provide for stated unit prices based upon achievement of specified volume purchase levels. This allows the Company to stabilize raw material purchase prices provided the specified minimum monthly purchase quantities are met. The Company currently anticipates entering into such arrangements for zinc, coiled steel and plastic resins in 2000 and does not anticipate significant changes in the cost of these materials from their current levels. Materials purchased on the spot market are sometimes subject to unanticipated and sudden price increases. Due to the competitive nature of the markets served by the Company's products, it is often difficult to recover such increases in raw material costs through increased product selling prices and consequently overall operating margins can be affected by such raw material cost pressures.

Labor costs represent approximately 20% of the Company's total cost of sales. At December 31, 1999, none of The Company's U.S. employees were represented by bargaining units and wage increases historically have been in line with overall inflation indices. Approximately 84% of the Company's Canadian employees are covered by a three year collective bargaining agreement that expired in January 2000 and provided for annual wage increases of 2% - 3%. The provisions of the expired agreement will be maintained while a new collective bargaining agreement is negotiated. Wage increases for these employees historically have been in line with overall inflation indices.

Selling, general and administrative costs consist primarily of salaries, commissions and advertising expenses directly related to product sales and in 1997 and 1999 have been consistent as a percentage of net sales. In 1998, in connection with the Company's initial public offering in March 1998, five of the Company's officers and directors were awarded 164,880 shares of Class A Common Stock. Accordingly, the Company recognized a $3.3 million pre-tax charge, included in selling, general and administrative expenses, equal to the aggregate value of the Class A shares awarded based on the initial public offering price.

About 74%, 66% and 43% of the Company's net sales in 1997, 1998 and 1999, respectively, were generated by its Canadian operations. About 60% of these Canadian-produced sales are denominated in U.S. dollars while substantially all of the related costs are incurred in Canadian dollars. Consequently, relative changes in the U.S. dollar/Canadian dollar exchange rate affect operating results. Since U.S. dollar/Canadian dollar exchange rates did

not fluctuate significantly from 1993 through 1997, the impact on operating income of fluctuations in the value of the U.S. dollar relative to the Canadian dollar during this period was not material. Compared to the prior period, fluctuations in the value of the U.S. dollar relative to the Canadian dollar increased operating income (excluding the effect of the stock award charge) by 3% and reduced net sales by approximately 1% in 1998 and reduced operating income by 1% and reduced net sales by less than 1% in 1999.

Likewise, approximately 17% of the Company's 1999 net sales were generated by its operations in the Netherlands. Approximately 83% of these sales are denominated in Dutch guilders or the euro while substantially all of the related cost are incurred in Dutch guilders or the euro. Fluctuations in the value of the U.S. dollar relative to the Dutch guilder and/or euro did not have a material impact on operating income or net sales in 1999.

Sales of slides and ergonomic products were impacted in the first half of 1999 by softening demand in the office furniture industry. This slowdown was consistent with growth rate statistics published by The Business and Institutional Furniture Manufacturers Association (BIFMA), an association of office furniture manufacturers and their associates. During the first half of 1999, the slowdown in the office furniture industry resulted in decreased demand for the Company's slides and ergonomic products compared to 1998. In the third quarter of 1999, demand for the Company's slide and ergonomic products began to recover and the Company's net sales of slide and ergonomic products in the second half of 1999 reflected the increased demand. Overall, due in part to expected improved demand in the office furniture industry, the Company expects its sales and operating income to be higher in 2000 compared to 1999.

Results of Operations

Year ended December 31, 1999 compared to year ended December 31, 1998

Net sales. Net sales increased $73.8 million, or 49% in 1999 compared to 1998. This increase is primarily due to the inclusion of the results of operations for the full year of Timberline Lock and Thomas Regout and the November and December results for Dynaslide. Excluding the effect of these acquisitions, net sales in 1999 increased 5% compared to net sales in 1998. The 5% increase reflects an increase in the Company's product sales to the office furniture industry (primarily slides and ergonomic products), which increased 5% along with increased sales of the Company's security products, which improved 3% over the prior year.

Operating income. In 1999, operating income increased $7.7 million, or 22% over 1998. The majority of this growth was due to the acquisitions mentioned earlier. Excluding the effect of the acquisitions and excluding the effect of the $3.3 million stock award which occurred in 1998, operating income increased $1.3 million or 4% over the prior year. Sales of slides and ergonomic products were impacted in the first half of 1999 by softening demand in the office furniture industry, however such sales and operating income improved in the second half of 1999 as office furniture demand improved.

Year ended December 31, 1998 compared to year ended December 31, 1997

Net sales. Net sales increased $43.4 million, or 40% in 1998 compared to 1997, primarily due to increased volumes in all product lines and the inclusion of the results of Fort Lock beginning March 3, 1998. Combined net sales from the Company's ergonomic computer support systems and precision ball bearing slide products increased $11.6 million, or 14%, based on higher unit volumes and relatively stable prices. Security products net sales increased $31.8 million, or 113%, primarily due to sales attributable to Fort Lock. Excluding the Fort Lock acquisition, net sales of security products increased 4%.

Operating income. Operating income increased $6.9 million in 1998 compared to 1997 (excluding the $3.3 million stock award charge), or 24%, due primarily to the increased volumes in all product lines and the inclusion of the results of Fort Lock which was acquired on March 3, 1998. Excluding the Fort Lock Acquisition and the $3.3 million stock award charge, operating income increased 14% over 1997. The increase is due to increased net sales as discussed above and a decline in certain raw material costs. Beginning in August 1998, steel prices declined approximately 5%, resulting in an overall decrease in raw material costs of approximately 2% in 1998 compared to 1997.

Year 2000 Issue

General. As a result of certain computer programs being written using

two digits rather than four to define the applicable year, certain computer programs that had date-sensitive software may have recognized a date using "00" as the year 1900 rather than the year 2000. This could have resulted in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in normal business activities.

Over the past few years, the Company addressed the Year 2000 Issue in an attempt to ensure that its computer systems would function properly after December 31, 1999. This process included, among other things, the identification of all systems and applications potentially affected by the Year 2000 Issue, the determination of which systems and applications required remediation and the completion thereof and the testing of systems and applications following remediation for Year 2000 compliance. As part of its normal business operations, the Company had already installed upgraded information systems at certain of its locations which addressed the Year 2000 Issue. In addition, confirmations were requested from major software and hardware vendors, suppliers and customers that they were developing and implementing plans to become, or that they had become, Year 2000 compliant. Contingency plans were also developed to address potential Year 2000 issues related to business interruption in the event one or more of the Company's internal systems or the systems of third parties upon which it relied ultimately proved not to be Year 2000 compliant. After all of the efforts described above, the Company believed that its key systems were Year 2000 compliant prior to December 31, 1999. Excluding the cost of ongoing system upgrades, the amount spent by CompX to address the Year 2000 Issue was not significant.

To date in 2000, none of the Company's manufacturing facilities have suffered any significant downtime due to non-compliant systems, nor have any significant problems associated with the Year 2000 Issue been identified in any of such companies' systems. The Company will continue to monitor its major systems in order to ensure that such systems continue to be Year 2000 compliant. However, based primarily upon the length of time into 2000 which has elapsed without the identification of any significant problems related to the Year 2000 Issue, the Company does not currently expect any significant Year 2000 Issue-related problems will develop for any of its systems.

Impact of accounting standards not yet adopted

See Note 1 to the Consolidated Financial Statements.

Liquidity and Capital Resources

Consolidated cash flows

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities and non-cash stock award charges, for 1997, 1998 and 1999, are generally similar to the trends in the Company's earnings. Cash flow provided by operating activities (excluding the non-cash stock award charge) totaled, $23.0 million, $24.3 million and $28.4 million for the years ended December 31, 1997, 1998 and 1999, respectively, compared to net income of $16.7 million, $20.7 million and $25.2 million, respectively. Depreciation and amortization increased in 1998 and 1999 in part due to the acquisitions discussed above.

Changes in assets and liabilities result primarily from the timing of production, sales and purchases. Such changes in assets and liabilities generally tend to even out over time and result in trends in cash flows from operating activities generally reflecting earnings trends.

Investing activities. Net cash used by investing activities totaled $5.5 million, $54.2 million and $84.6 million for the years ended December 31, 1997, 1998 and 1999, respectively. Cash used by investing activities in 1998 includes an aggregate of $41.6 million for the Fort Lock and Timberline acquisitions. Likewise in 1999, $65.0 million in cash was used for the Thomas Regout and Dynaslide acquisitions. Other cash flows from investing activities in each of the past three years related principally to capital expenditures. Capital expenditures in the past three years emphasized manufacturing equipment which utilizes new technologies and increases automation of the manufacturing process to provide for increased productivity and efficiency. The increase in capital expenditures in 1998 and 1999 relates primarily to the additions of a third plating line at the Company's Kitchener facility, facility expansions in Mauldin and Kitchener, the acquisition of an adjoining manufacturing building at Fort Lock and the addition of automation equipment at all facilities.

Capital expenditures for 2000 are estimated at approximately $25.1 million, the majority of which relate to projects that emphasize improved production efficiency and increase production capacity and development of e-commerce capabilities. Firm purchase commitments for capital projects in process at December 31, 1999 approximated $4 million. As discussed above, the Company acquired substantially all of the operating assets of Chicago Lock Company for approximately $9.2 million in cash during January 2000. Funds for this acquisition were provided by borrowings on the Company's existing revolving credit facility.

Financing activities. Net cash provided (used) by financing activities totaled ($5.9) million, $58.7 million and $17.0 million for the years ended December 31, 1997, 1998 and 1999, respectively. Net cash provided in 1998 includes $110.4 million of net proceeds from the Company's March 1998 initial public offering and the repayment of the $50 million note payable to Valcor, discussed below. Prior to the initial public offering, the Company paid dividends to its parent company aggregating $6.1 million in 1997 and $1.8 million in 1998. In addition, on December 12, 1997, the Company paid a $50 million dividend to Valcor in the form of a note payable. The Company utilized borrowings under the Revolving Senior Credit Facility to repay the note payable to Valcor. See Notes 9 and 10 to the Consolidated Financial Statements. The Company also paid its first regular quarterly dividend of $0.125 per share in December 1999 since the initial public offering. Total cash dividends paid in 1999 were $2.0 million.

At December 31, 1999, after borrowing $20 million to fund acquisitions, the Company had $80 million of borrowing availability under its Revolving Senior Credit Facility.

Other

Management believes that cash generated from operations and borrowing availability under the Revolving Senior Credit Facility, together with cash on hand, will be sufficient to meet the Company's liquidity needs for working capital, capital expenditures, debt service and dividends.

The Company periodically evaluates its liquidity requirements, alternative uses of capital, capital needs and available resources in view of, among other things, its capital expenditure requirements in light of its capital resources and estimated future operating cash flows. As a result of this process, the Company may in the future seek to raise additional capital, refinance or restructure indebtedness, issue additional securities, modify its dividend policy or take a combination of such steps to manage its liquidity and capital resources. In the normal course of business, the Company may review opportunities for acquisitions, joint ventures or other business combinations in the component products industry. In the event of any such transaction, the Company may consider using available cash, issuing additional equity securities or increasing the indebtedness of the Company or its subsidiaries.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

General. The Company is exposed to market risk from changes in foreign currency exchange rates and interest rates. The Company has also periodically entered into currency forward contracts to either manage a very nominal portion of foreign exchange rate market risk associated with receivables denominated in a currency other than the holder's functional currency or to hedge specific foreign currency commitments. Otherwise, the Company does not generally enter into forward or option contracts to manage such market risks, nor does the Company enter into any such contract or other type of derivative instrument for trading or speculative purposes. Other than the contracts discussed below, the Company was not a party to any forward or derivative option contract related to foreign exchange rates or interest rates at December 31, 1998 and 1999. See Notes 1 and 11 to the Consolidated Financial Statements.

Interest rates. The Company is exposed to market risk from changes in interest rates, primarily related to indebtedness.

At December 31, 1999, substantially all of the Company's outstanding indebtedness were variable rate borrowings and related principally to $20 million in borrowings under the Company's existing $100 million revolving senior credit facility. The outstanding balance at December 31, 1999 (which approximates fair value) had a weighted-average interest rate of 6.21%. Amounts outstanding under this credit facility are due in 2003. The remaining indebtedness outstanding at December 31, 1999, and all outstanding indebtedness at December 31, 1998, is not material.

Foreign currency exchange rates. The Company is exposed to market risk arising from changes in foreign currency exchange rates as a result of manufacturing and selling its products worldwide. Earnings are primarily affected by fluctuations in the value of the U.S. dollar relative to the Canadian dollar, the Dutch guilder, the euro and beginning in November 1999, the New Taiwanese dollar.

Certain of CompX's sales generated by its Canadian operations are denominated in U.S. dollars. To manage a portion of the foreign exchange rate market risk associated with such receivables, at December 31, 1999 CompX had entered into a series of short-term forward exchange contracts maturing through March 2000 to exchange an aggregate of $6.0 million for an equivalent amount of Canadian dollars at exchange rates ranging between Cdn$ 1.491 and Cdn $ 1.486 per U.S. dollar. The Company was not a party to such contract at December 31, 1998.

Solely in connection with the January 1999 acquisition of Thomas Regout, on December 30, 1998 the Company entered into a short-term currency forward contract to purchase NLG 75.0 million for $40.1 million which contract was executed on January 19, 1999. See Note 2 to the Consolidated Financial Statements. The Company was not a party to any such contract at December 31, 1999.

The estimated fair value of all such outstanding forward contracts at December 31, 1998 and 1999 is not material.

Other. Beginning January 1, 1999, eleven of the fifteen members of the European Union ("EU"), including the Netherlands and France, adopted a new European currency unit (the "euro") as their common legal currency. Following the introduction of the euro, the participating countries' national currencies remain legal tender as denominations of the euro from January 1, 1999 through January 1, 2002, and the exchange rates between the euro and such national currency units are fixed.

The functional currencies of the Company's Thomas Regout operations in Maastricht, the Netherlands, have begun conversion to the euro from its national currency. This is expected to be completed in 2001. Although not expected, the euro conversion may impact the Company's operations including, among other things, changes in product pricing decisions necessitated by cross-border price transparencies. Such changes in product pricing decisions could impact both selling prices and purchasing costs and, consequently, favorably or unfavorably impact results of operations. Because of the inherent uncertainty of the ultimate effect of the euro conversion, the Company cannot accurately predict the impact of the euro conversion on its results of operations, financial condition or liquidity.

The above discussion includes forward-looking statements of market risk which assume hypothetical changes in market prices. Actual future market conditions will likely differ materially from such assumptions. Accordingly, such forward-looking statements should not be considered to be projections by the Company of future events or losses.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information called for by this Item is contained in a separate section of this Annual Report. See "Index of Financial Statements and Schedules" (page F).

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item is incorporated by reference to CompX's definitive Proxy Statement to be filed with the Securities and Exchange

Commission pursuant to Regulation 14A within 120 days after the end of the fiscal year covered by this report (the "CompX Proxy Statement").

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated by reference to the CompX Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated by reference to the CompX Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated by reference to the CompX Proxy Statement. See Note 10 to the Consolidated Financial Statements.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) and (d) Financial Statements and Schedules

The Registrant

The consolidated financial statements and schedules listed on the accompanying Index of Financial Statements and Schedules (see page F) are filed as part of this Annual Report.

(b) Reports on Form 8-K

Reports on Form 8-K filed for the quarter ended December 31, 1999.

October 15, 1999 - Reported Items 5 and 7. October 18, 1999 - Reported Items 5 and 7. November 19, 1999- Reported Items 5 and 7. November 30, 1999- Reported Items 5 and 7. December 15, 1999- Reported Items 5 and 7.

(c) Exhibits

Included as exhibits are the items listed in the Exhibit Index. CompX will furnish a copy of any of the exhibits listed below upon payment of $4.00 per exhibit to cover the costs to CompX of furnishing the exhibits. Instruments defining the rights of holders of long-term debt issues which do not exceed 10% of consolidated total assets will be furnished to the Commission upon request.

Item No.	Exhibit Item
3.1	Restated Certificate of Incorporation of Registrant - incorporated by reference to Exhibit 3.1 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).
3.2	Bylaws of Registrant - incorporated by reference to Exhibit 3.2 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).
10.1	Intercorporate Services Agreement between the Registrant and Valhi, Inc. effective as of January 1, 1999.
10.2	Intercorporate Services Agreement between the Registrant and NL Industries, Inc. effective as of January 1, 1999 - incorporated by reference to Exhibit 10.1 to NL Industries, Inc.'s Quarterly Report on Form 10-Q (File No. 1-640) for the quarter ended June 30, 1999.
10.3*	CompX International Inc. 1997 Long-Term Incentive Plan - incorporated

by reference to Exhibit 10.2 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).

10.4*	CompX International Inc. Variable Compensation Plan effective as of January 1, 1999 - incorporated by reference to Exhibit 10.4 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 1998.

Item No.	Exhibit Item
10.5	Agreement between Haworth, Inc. and Waterloo Furniture Components, Ltd. and Waterloo Furniture Components, Inc. effective October 1, 1992 - incorporated by reference to Exhibit 10.3 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).
10.6	Tax Sharing Agreement among the Registrant, Valcor, Inc. and Valhi, Inc. dated as of January 2, 1998 - incorporated by reference to Exhibit 10.4 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).
10.7	$100,000,000 Credit Agreement between the Registrant, Bankers Trust Company, as Agent and various lending institutions dated February 26, 1998 - incorporated by reference to Exhibit 10.5 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).
10.8	Amendment No. 1 to Credit Agreement between Registrant, Bankers Trust Company, as Agent and various lending institutions, dated December 15, 1999.
10.9	Stock Purchase Agreement between CompX International Inc. and Shareholders of Fort Lock Corporation dated February 3, 1998 - incorporated by reference to Exhibit 10.7 of the Registrant's Registration Statement on Form S-1 (File No. 333-42643).
10.10	Offer and Acquisition Agreement dated December 18, 1998 between CompX International Inc. and Thomas Regout Holding N.V. - incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8-K dated January 29, 1999.
21.1	Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
27.1	Financial Data Schedule for the year ended December 31, 1999.
99.1	Annual Report of the National Cabinet Lock, Inc. Contributory Retirement Plan (Form 11-K) to be filed under Form 10-K/A to this Annual Report on Form 10-K within 180 days after December 31, 1999.
99.2	Annual Report of the 401(k) Plan of The Fort Lock Corporation (Form 11-K) to be filed under Form 10-K/A to this Annual Report on Form 10-K within 180 days after December 31, 1999.

*Management contract, compensatory plan or agreement

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPX INTERNATIONAL INC.

By: /s/ Joseph S. Compofelice
Joseph S. Compofelice
Chairman of the Board, President and Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Joseph S. Compofelice Joseph S. Compofelice	Chairman of the Board, President and Chief Executive Officer	March 22, 2000
/s/ John A. Miller John A. Miller	Vice President, Chief Financial Officer and Treasurer (Principal Financial Officer)	March 22, 2000
/s/ David A. Bowers David A. Bowers	Vice President and President of CompX Security Products and Director	March 22, 2000
/s/ Todd W. Strange	Vice President and Controller (Principal Accounting Officer)	March 22, 2000
/s/ Glenn R. Simmons Glenn R. Simmons	Director	March 22, 2000
/s/ Edward J. Hardin Edward J. Hardin	Director	March 22, 2000
/s/ Paul M. Bass, Jr. Paul M. Bass, Jr.	Director	March 22, 2000
/s/ Ann Manix Ann Manix	Director	March 22, 2000
/s/ Steven L. Watson Steven L. Watson	Director	March 22, 2000

Annual Report on Form 10-K

Items 8, 14(a) and 14(d)

Index of Financial Statements and Schedules

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Schedules I, III and IV are omitted because they are not applicable.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Stockholders and Board of Directors of CompX International Inc.:

In our opinion, the accompanying consolidated balance sheets of CompX International Inc. and Subsidiaries, and the related consolidated statements of income, comprehensive income, cash flows and stockholders' equity, present fairly, in all material respects, the consolidated financial position of CompX International Inc. and Subsidiaries as of December 31, 1998 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of the consolidated financial statements in accordance with auditing standards generally accepted in the United States, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PricewaterhouseCoopers LLP

Houston, Texas
February 13, 2000

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 1998 and 1999

(In thousands, except share data)

ASSETS	1998	1999
Current assets:		
Cash and cash equivalents	$ 47,363	$ 12,169
Accounts receivable, less allowance for doubtful accounts of $310 and $725	18,976	29,053
Income taxes receivable from affiliates	573	22
Refundable income taxes	524	462
Inventories	16,952	27,659
Prepaid expenses	1,381	1,858
Deferred income taxes	688	1,258
Total current assets	86,457	72,481
Other assets:		
Goodwill	22,317	41,697
Other intangible assets	2,938	2,787
Deferred income taxes	--	2,499
Other	400	203
Total other assets	25,655	47,186
Property and equipment:		
Land	1,219	3,549
Buildings	13,678	27,898
Equipment	39,216	70,242
Construction in progress	3,533	6,710
	57,646	108,399
Less accumulated depreciation	17,376	25,154
Net property and equipment	40,270	83,245
	$152,382	$202,912

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

December 31, 1998 and 1999

(In thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	1998	1999
Current liabilities:		
Current maturities of long-term debt	$ 609	$ 1,367
Accounts payable and accrued liabilities	17,243	25,389
Income taxes	2,415	91
Total current liabilities	20,267	26,847
Noncurrent liabilities:		
Long-term debt	1,082	20,900
Deferred income taxes	983	3,223
Accrued pension costs	--	1,209
Other	--	1,274
Total noncurrent liabilities	2,065	26,606
Minority interest	4	103
Stockholders' equity:		
Preferred stock, $.01 par value; 1,000 shares authorized, none issued	--	--
Class A common stock, $.01 par value; 20,000,000 shares authorized; 6,144,880 and 6,147,380 shares issued and outstanding	61	61
Class B common stock, $.01 par value; 10,000,000 shares authorized, issued and outstanding	100	100
Additional paid-in capital	118,027	118,067
Retained earnings	14,270	37,415
Accumulated other comprehensive income-currency translation	(2,412)	(6,287)
Total stockholders' equity	130,046	149,356
	$152,382	$202,912

Commitments and contingencies (Notes 2 and 11)

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 1997, 1998 and 1999

(In thousands, except per share data)

	1997	1998	1999
Net sales	$ 108,652	$ 152,093	$ 225,888
Costs and expenses:			
Cost of sales	70,638	102,004	160,628
Selling, general and administrative	10,546	19,706	25,220
Other expense (income), net	401	(412)	(104)
General corporate expense (income), net .	(801)	(2,834)	(572)
Interest expense	199	1,094	1,554
	80,983	119,558	186,726
Income before income taxes and minority interest	27,669	32,535	39,162
Provision for income taxes	11,019	12,034	14,102
Minority interest	--	(165)	(103)
Net income	$ 16,650	$ 20,666	$ 25,163
Basic and diluted earnings per common share	$ 1.67	$ 1.37	$ 1.56
Shares used in the calculation of earnings per share amounts:			
Basic earnings per share	10,000	15,052	16,146
Dilutive impact of stock options	--	32	3
Diluted earnings per share	10,000	15,084	16,149

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 1997, 1998 and 1999

(In thousands)

	1997	1998	1999
Net income	$ 16,650	$ 20,666	$ 25,163
Other comprehensive income - currency translation adjustment:			
Pre-tax amount	(1,472)	(2,001)	(3,875)
Less income tax benefit	(515)	(668)	--

Total other comprehensive income	(957)	(1,333)	(3,875)
Comprehensive income	$ 15,693	$ 19,333	$ 21,288

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 1997, 1998 and 1999

(In thousands)

	1997	1998	1999
Cash flows from operating activities:			
Net income	$16,650	$20,666	$25,163
Depreciation and amortization	2,811	4,538	9,406
Deferred income taxes	(651)	(830)	1,423
Noncash stock award of Management Shares	--	3,298	--
Minority interest	--	(165)	(103)
Other, net	338	(85)	(243)
Change in assets and liabilities:			
Accounts receivable	(3,117)	(1,319)	(3,186)
Inventories	(194)	(375)	(1,992)
Accounts payable and accrued liabilities ..	4,531	1,486	(2,470)
Accounts with affiliates	710	(904)	532
Income taxes	1,502	(687)	(1,579)
Other, net	372	(1,357)	1,471
Net cash provided by operating activities	22,952	24,266	28,422
Cash flows from investing activities:			
Capital expenditures	(5,536)	(12,928)	(19,703)
Purchase of business units	--	(41,646)	(64,975)
Other, net	15	398	54
Net cash used by investing activities ...	(5,521)	(54,176)	(84,624)
Cash flows from financing activities:			
Long-term debt:			
Additions	369	75,475	20,000
Principal payments	(156)	(75,157)	(1,009)
Deferred financing costs paid	--	(200)	--
Repayment of demand note to Valcor	--	(50,000)	--
Issuance of common stock	--	110,378	--
Dividends	(6,098)	(1,800)	(2,018)

Net cash provided (used) by financing activities	(5,885)	58,696	16,973
Net increase (decrease)	$ 11,546	$ 28,786	$(39,229)

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31, 1997, 1998 and 1999

(In thousands)

	1997	1998	1999
Cash and cash equivalents:			
Net increase (decrease) from:			
Operating, investing and financing activities	$ 11,546	$ 28,786	$(39,229)
Business units acquired	--	387	4,785
Currency translation	(909)	(997)	(750)
Balance at beginning of year	8,550	19,187	47,363
Balance at end of year	$ 19,187	$ 47,363	$ 12,169
Supplemental disclosures:			
Cash paid for:			
Interest	$ 35	$ 1,244	$ 1,253
Income taxes	9,617	14,449	13,284
Dividend in the form of a demand note payable	$ 50,000	$ --	$ --
Net assets consolidated - business units acquired:			
Cash and cash equivalents	$ --	$ 387	$ 4,785
Goodwill	--	23,145	22,700
Other intangible assets	--	3,057	--
Other non-cash assets	--	21,653	54,966
Liabilities	--	(6,596)	(17,476)
Cash paid	$ --	$ 41,646	$ 64,975

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

Years ended December 31, 1997, 1998 and 1999

(In thousands)

	Common stock Class A	Common stock Class B	Additional paid-in capital	Retained earnings (deficit)	Accumulated other comprehensive income - currency translation	Total stockholders' equity (deficit)
Balance at December 31, 1996	$-	$100	$ 4,412	$ 34,852	$ (122)	$ 39,242
Net income	--	--	--	16,650	--	16,650
Other comprehensive income .	--	--	--	--	(957)	(957)
Dividends:						
Cash	--	--	--	(6,098)	--	(6,098)
Noncash	--	--	--	(50,000)	--	(50,000)
Balance at December 31, 1997	--	100	4,412	(4,596)	(1,079)	(1,163)
Net income	--	--	--	20,666	--	20,666
Other comprehensive income .	--	--	--	--	(1,333)	(1,333)
Cash dividends	--	--	--	(1,800)	--	(1,800)
Issuance of common stock:						
Initial public offering ..	60	--	110,318	--	--	110,378
Management shares	1	--	3,297	--	--	3,298
Balance at December 31, 1998	61	100	118,027	14,270	(2,412)	130,046
Net income	--	--	--	25,163	--	25,163
Other comprehensive income .	--	--	--	--	(3,875)	(3,875)
Cash dividends	--	--	--	(2,018)	--	(2,018)
Issuance of common stock ...	--	--	40	--	--	40
Balance at December 31, 1999	$61	$100	$118,067	$ 37,415	$(6,287)	$ 149,356

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies:

Organization. CompX International Inc. (NYSE: CIX) is 64% owned by Valhi, Inc. (NYSE: VHI) and Valhi's wholly-owned subsidiary Valcor, Inc. Prior to the Company's March 1998 initial public offering, the Company was a wholly-owned subsidiary of Valcor. The Company manufactures and sells component products (ergonomic computer support systems, precision ball bearing slides and security products). Contran Corporation holds, directly or through subsidiaries, approximately 93% of Valhi's outstanding common stock. Substantially all of Contran's outstanding voting stock is held either by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is sole trustee, or by Mr. Simmons directly. Mr. Simmons, the Chairman of the Board and Chief Executive officer of each of Contran, Valhi and Valcor, may be deemed to control each of such companies and the Company.

Management estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Ultimate actual results may, in some instances, differ from previously estimated amounts.

Principles of consolidation. The accompanying consolidated financial statements include the accounts of CompX International Inc. and its

majority-owned subsidiaries. All material intercompany accounts and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the current year presentation.

Fiscal year. The Company's operations are reported on a 52 or 53-week fiscal year. The years ended December 31, 1997 and 1999 each consisted of 52 weeks, and the year ended December 31, 1998 consisted of 53 weeks.

Translation of foreign currencies. Assets and liabilities of subsidiaries whose functional currency is other than the U.S. dollar are translated at year-end rates of exchange and revenues and expenses are translated at average exchange rates prevailing during the year. Resulting translation adjustments are accumulated in stockholders' equity as part of accumulated other comprehensive income, net of related deferred income taxes and minority interest. Currency transaction gains and losses are recognized in income currently. The net foreign currency transaction gain (loss), included in other income, net, was $303,000 in 1997, $512,000 in 1998 and ($290,000) in 1999.

Cash and cash equivalents. Cash equivalents consist principally of bank time deposits and government and commercial notes with original maturities of three months or less.

Net sales. Sales are recorded when products are shipped. Title generally passes at the point of shipment.

Inventories and cost of sales. Inventories are stated at the lower of cost or market. Inventories are based on average cost or the first-in, first-out method.

Property, equipment and depreciation. Property and equipment, including purchased computer software for internal use, are stated at cost. Expenditures for maintenance, repairs and minor renewals are expensed; expenditures for major improvements are capitalized. Depreciation for financial reporting purposes is computed principally by the straight-line method over the estimated useful lives of 15 to 40 years for buildings and three to 10 years for equipment. Accelerated depreciation methods are used for income tax purposes, as permitted.

When events or changes in circumstances indicate that assets may be impaired, an evaluation is performed to determine if impairment does exist. Such events or changes in circumstances include, among other things, significant current and prior periods or current and projected periods operating losses, a significant decrease in the market value of an asset or a significant change in the extent or manner in which an asset is used. All relevant factors are considered. The test for impairment is performed by comparing the estimated future undiscounted cash flows (exclusive of interest expense) associated with the asset to the asset's net carrying value to determine if a write-down to market value or discounted cash flow value is required. If the asset being tested for impairment was acquired in a business combination accounted for by the purchase method, any goodwill which arose out of that business combination may also be considered in the impairment test if the goodwill related specifically to the acquired asset and not to other aspects of the acquired business, such as the customer base or product lines.

Intangible assets and amortization. Goodwill, representing the excess of cost over fair value of individual net assets acquired in business combinations accounted for by the purchase method, is amortized by the straight-line method over 20 years and is stated net of accumulated amortization of $.8 million at December 31, 1998 and $2.7 million at December 31, 1999.

Other intangible assets, consisting primarily of the estimated fair value of certain patents acquired, are being amortized by the straight-line method over the lives of such patents (approximately 13.25 years remaining at December 31, 1999) and are stated net of accumulated amortization of $.2 million at December 31, 1998 and $.4 million at December 31, 1999.

When events or changes in circumstances indicate that goodwill and other intangible assets may be impaired, an evaluation is performed to determine if impairment does exist. Such events or circumstances include, among other things, a prolonged period of time during which the Company's consolidated net book value per share is less than the Company's quoted market price for its common stock or significant current and prior periods or current and projected periods operating losses related to the applicable business. All relevant factors are considered in determining whether impairment exists. If impairment is determined to exist, goodwill and, if appropriate, the underlying long-lived

assets associated with the goodwill, are written down to reflect the estimated future discounted cash flows expected to be generated by the underlying business.

Currency forward contracts. Certain of the Company's sales generated by its non-U.S. operations are denominated in U.S. dollars. The Company periodically uses currency forward contracts to manage a very nominal portion of foreign exchange rate risk associated with receivables denominated in a currency other than the holder's functional currency. The Company has not entered into these contracts for trading or speculative purposes in the past, nor does the Company currently anticipate entering into such contracts for trading or speculative purposes in the future. At each balance sheet date, any such outstanding currency forward contract is marked-to-market with any resulting gain or loss recognized in income currently. At December 31, 1999, he Company held contracts designated as a hedge against such receivables to exchange an aggregate of U.S. $6.0 million for an equivalent amount of Canadian dollars at exchange rates ranging between Cdn. $1.491 and Cdn. $1.486. Such contracts mature through March 2000. No such contracts were outstanding at December 31, 1998.

The Company also will periodically use currency forward contracts to hedge specific foreign currency commitments. Gains and losses on such contracts are deferred and included in the basis of the hedged transaction when it is consummated. In connection with CompX's acquisition of a slide producer in January 1999 (see Note 2), on December 30, 1998 CompX entered into a short-term currency forward contract to purchase NLG 75 million for $40.1 million, which contract was executed on January 19, 1999. The Company was not a party to any such contract at December 31, 1999.

The estimated fair value of all such currency forward contracts is not material at December 31, 1998 and 1999.

Income taxes. Prior to March 1998, the Company was a member of Contran's consolidated United States federal income tax group (the "Contran Tax Group"). The policy for intercompany allocation of federal income taxes provided that subsidiaries included in the Contran Tax Group compute the provision for federal income taxes on a separate company basis. The Company made payments to, or received payments from, Contran in the amount they would have paid to or received from the Internal Revenue Service had it not been a member of the Contran Tax Group. The separate company provisions and payments were computed using the tax elections made by Contran. Subsequent to the Company's initial public offering of shares of its Class A common stock in March 1998, the Company became a separate U.S. federal income taxpayer and ceased being a member of the Contran Tax Group. The Company continues to be a part of consolidated tax returns filed by Contran in certain U.S. state jurisdictions.

Deferred income tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the income tax and financial reporting carrying amounts of assets and liabilities, including undistributed earnings of foreign subsidiaries which are not deemed to be permanently reinvested. The Company periodically evaluates its deferred tax assets and adjusts any related valuation allowance based on the estimate of the amount of such deferred tax assets which the Company believes does not meet the "more-likely-than-not" recognition criteria. Earnings of foreign subsidiaries deemed to be permanently reinvested aggregate $16 million at December 31, 1998 and $32 million at December 31, 1999.

Earnings per share. Basic earnings per share of common stock is based upon the weighted average number of common shares actually outstanding during each period. Diluted earnings per share of common stock includes the impact of outstanding dilutive stock options. The weighted average number of outstanding stock options which were excluded from the calculation of diluted earnings per share because their impact would have been antidilutive aggregated approximately 472,514 in 1999 (nil in 1997 and 1998).

Stock options. The Company accounts for stock-based employee compensation in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and its various interpretations. Under APBO No. 25, no compensation cost is generally recognized for fixed stock options in which the exercise price is not less than the market price on the grant date. Compensation cost recognized by the Company in accordance with APBO No. 25 has not been significant in any of the past three years.

Other. Advertising costs, expensed as incurred, were $555,000 in 1997, $423,000 in 1998 and $1,030,000 in 1999. Research and development costs, expensed as incurred, were $468,000 in 1997, $643,000 in 1998 and $1,032,000 in 1999.

New accounting principle not yet adopted. The Company will adopt Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, no later than the first quarter of 2001. Under SFAS No. 133, all derivatives will be recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value of derivatives will depend upon the intended use of the derivative. The impact on the Company of adopting SFAS No. 133, if any, has not yet been determined but will be dependent upon the extent to which the Company is a party to derivative contracts or hedging activities covered by SFAS No. 133 at the time of adoption, including derivatives embedded in non-derivative host contracts.

Note 2 - Business units acquired:

In 1998, the Company acquired two U.S. lock producers (Fort Lock Corporation and related assets in March 1998 and Timberline Lock, Ltd. and related assets in November 1998) for an aggregate cash purchase price of approximately $41.6 million. Funding for these acquisitions was provided by cash on hand and $25 million of borrowings under the Company's $100 million revolving credit facility discussed in Note 6. The Company accounted for these acquisitions by the purchase method of accounting and, accordingly, the results of operations and cash flows of the businesses acquired are included in the Company's consolidated financial statements subsequent to the respective dates of acquisition.

In January 1999, the Company acquired Thomas Regout Holding N.V. ("Thomas Regout"), a precision ball bearing slide producer based in the Netherlands for aggregate cash consideration of NLG 98 million ($53.2 million), using funds on hand and $20 million of borrowing under the Company's revolving credit facility. In November 1999, the Company acquired the business that produces the Dynaslide line of precision ball bearing drawer slides in two manufacturing plants in Taipei, Taiwan ("Dynaslide"). The purchase price of $11.8 million includes all the assets and operations that produce the Dynaslide products and was financed with existing cash. These acquisitions were also accounted for by the purchase method, and accordingly, the results of operations and cash flows of the acquired businesses have been included in the Company's consolidated financial statements subsequent to the respective acquisition dates.

The purchase price for all four of these acquisitions has been allocated to the individual assets acquired and liabilities assumed based upon estimated fair values.

Assuming the Thomas Regout and Fort Lock Corporation acquisitions occurred as of January 1, 1998, the Company's unaudited pro forma net sales, operating income and net income in 1998 would have been $212.6 million, $32.5 million and $20.1 million, respectively. Diluted pro forma earnings per common share would have been $1.33 per share. The pro forma effect of the Timberline Lock, Ltd. and Dynaslide acquisitions is not material. The unaudited pro forma financial information is not necessarily indicative of the actual results had the transactions occurred at the beginning of the period, nor do they purport to represent the results of future operations of the combined companies.

In January 2000, the Company acquired substantially all of the operating assets of Chicago Lock Company for approximately $9.2 million in cash. CompX used borrowings under its existing credit facility to pay the cash purchase price.

Note 3 - Business and geographic segments:

The Company operates in one business segment - the manufacture and sale of ergonomic and slide products (ergonomic computer support systems and precision ball bearing slides) and security products for furniture and other markets. The Company evaluates segment performance based on segment operating income. The accounting policies of the reportable operating segments are the same as those described in Note 1. Capital expenditures include additions to property and equipment but exclude amounts attributable to business units acquired in business combinations accounted for by the purchase method. See Note

In 1999, the Company changed its definition of segment operating income. Operating income is now defined as income before income taxes and interest expense, exclusive of all interest and dividend income, foreign currency transaction gains and losses and certain non-recurring items (such as gains and losses on disposition of business units). The prior definition of operating income included foreign currency transaction gains and losses and a portion of interest and dividend income. The effect of this change in definition on previously reported total segment operating income is a decrease of $1.3 million and $1.1 million in 1997 and 1998, respectively. Operating income in 1997 and 1998, as presented below, has been restated based on the Company's new definition.

Segment assets are comprised of all assets attributable to the reportable operating segments. Corporate assets are not attributable to the operating segments and consist primarily of cash and cash equivalents. For geographic information, net sales are attributed to the place of manufacture (point-of-origin) and the location of the customer (point-of-destination); property and equipment are attributed to their physical location. At December 31, 1998 and 1999, the net assets of non-U.S. subsidiaries included in consolidated net assets approximated $38 million and $92 million, respectively.

	Years ended December 31,		
	1997	1998	1999
	(In thousands)		
Operating income	$ 27,067	$ 30,795	$ 40,144
Interest expense	(199)	(1,094)	(1,554)
General corporate income, net	801	2,834	572
Income before income taxes	$ 27,669	$ 32,535	$ 39,162
Net sales:			
Point of origin:			
Canada	$ 80,632	$ 92,272	$ 96,915
United States	28,020	58,018	89,036
The Netherlands	--	--	36,834
Other	--	1,803	3,103
	$ 108,652	$ 152,093	$ 225,888

	Years ended December 31,		
	1997	1998	1999
	(In thousands)		
Point of destination:			
United States	$ 70,354	$105,189	$133,700
Canada	33,974	40,284	43,556
Europe	951	3,664	41,498
Other	3,373	2,956	7,134

	$108,652	$152,093	$225,888

	December 31, 1997	1998	1999
	(In thousands)		
Total assets:			
Operating segment	$ 63,794	$121,645	$202,028
Corporate	--	30,737	884
	$ 63,794	$152,382	$202,912
Net property and equipment:			
Canada	$ 12,567	$ 18,307	$ 25,217
United States	5,596	20,607	34,235
The Netherlands	--	--	17,602
Other Europe	--	1,356	1,281
Other	--	--	4,910
	$ 18,163	$ 40,270	$ 83,245

Note 4 - Inventories:

	December 31, 1998	1999
	(In thousands)	
Raw materials	$ 6,520	$ 9,038
Work in process	5,748	8,669
Finished products	4,634	9,898
Supplies	50	54
	$16,952	$27,659

Note 5 - Accounts payable and accrued liabilities:

	December 31, 1998	1999
	(In thousands)	
Accounts payable	$8,589	$9,850
Accrued liabilities:		
Employee benefits	4,498	7,746
Insurance	842	707
Royalties	504	504
Other	2,810	6,582

	$17,243	$25,389

Note 6 - Indebtedness:

	December 31, 1998	December 31, 1999
	(In thousands)	
Revolving bank credit facility	$ --	$20,000
Capital lease obligations and other	1,691	2,267
	1,691	22,267
Less current portion	609	1,367
	$ 1,082	$20,900

The Company has a $100 million unsecured revolving bank credit facility which bears interest at the Eurodollar Rate plus between 17.5 and 90.0 basis points depending on certain coverage ratios (resulting in an interest rate of 6.21% at December 31, 1999) and is due no later than February 2003. Borrowings are available for the Company's general corporate purposes, including potential acquisitions. At December 31, 1999, $80 million was available for borrowing under this facility. The facility contains certain covenants and restrictions customary in lending transactions of this type, including restrictions on the payment of dividends and requirements to maintain specified levels of consolidated net worth (as defined). At December 31, 1999, $25.9 million is available for dividends under the terms of the agreement.

Capital lease obligations, stated net of inputed interest, are due through 2001. The Company's other debt obligations are not material.

Aggregate maturities of long-term debt at December 31, 1999 are shown in the table below.

Years ending December 31,	Amount (In thousands)
2000	$ 1,367
2001	592
2002	92
2003	20,080
2004	54
Thereafter	82
	$22,267

Note 7 - Employee benefit plans:

Defined contribution plans. The Company maintains various defined contribution plans with Company contributions based on matching or other formulas. Defined contribution plan expense approximated $1,051,000 in 1997, $1,074,000 in 1998 and $1,472,000 in 1999.

Defined benefit plans. The Company maintains a defined benefit pension plan covering substantially all full-time employees of Thomas Regout. Variances from actuarially assumed rates will result in increases or decreases in accumulated pension obligations, pension expense and funding requirements in future periods.

The rates used in determining the actuarial present value of benefit obligations are presented below:

	December 31, 1999
Discount rate	4.0%
Rate of increase in future compensation levels	3.0%
Long-term rate of return on assets	4.0%

The funded status of the Company's defined benefit pension plans, the components of net periodic defined benefit pension cost and the rates used in determining the actuarial present value of benefit obligations are presented in the tables below.

	Year ended December 31, 1999 (In thousands)
Change in projected benefit obligations ("PBO"):	
PBO at beginning of the year	$ --
Acquisition of Thomas Regout	2,366
Service cost	151
Interest	92
Change in foreign exchange rates	(348)
Benefits paid	--
PBO at end of the year	$ 2,261
Change in fair value of plan assets:	
Fair value of plan assets at beginning of the year	$ --
Acquisition of Thomas Regout	977
Actual return on plan assets	41
Employer contributions	62
Participant contributions	58
Change in foreign exchange rates	(148)
Benefits paid	--
Fair value of plan assets at end of year	$ 990
Funded status at year-end - Plan assets less than PBO	$ 1,271
Amounts recognized in the statement of financial position - accrued pension cost:	
Current	$ 62
Noncurrent	1,209
	$ 1,271
Net periodic pension cost:	
Service cost benefits	$ 151
Interest cost on PBO	92
Expected return on plan assets	(41)

$ 202

Note 8 - Income taxes:

The components of pre-tax income and the provision for income taxes, the difference between the provision for income taxes and the amount that would be expected using the U.S. federal statutory income tax rate of 35% and the comprehensive provision for income taxes are presented below.

	Years ended December 31,		
	1997	1998	1999
	(In thousands)		
Components of pre-tax income:			
United States	$ 7,136	$ 6,835	$ 14,112
Non-U.S	20,533	25,700	25,050
	$ 27,669	$ 32,535	$ 39,162
Provision for income taxes:			
Currently payable:			
U.S. federal and state	$ 2,747	$ 3,351	$ 4,493
Foreign	8,923	9,513	8,186
	11,670	12,864	12,679
Deferred taxes:			
U.S	(85)	(714)	38
Foreign	(566)	(116)	1,385
	(651)	(830)	1,423
	$ 11,019	$ 12,034	$ 14,102
Expected tax expense, at the U.S. federal statutory income tax rate of 35%	$ 9,684	$ 11,387	$ 13,708
Non-U.S. tax rates	550	134	241
Incremental U.S. tax on earnings of Canadian subsidiary	631	--	--
No tax benefit for goodwill amortization	--	290	625
State income taxes and other, net	154	223	(472)
	$ 11,019	$ 12,034	$ 14,102
Comprehensive provision (benefit) for income taxes allocable to:			
Pre-tax income	$ 11,019	$ 12,034	$ 14,102
Other comprehensive income - currency translation	(515)	(668)	--
	$ 10,504	$ 11,366	$ 14,102

The components of net deferred tax assets (liabilities) are summarized below.

	December 31, 1998	December 31, 1999
	(In thousands)	
Tax effect of temporary differences relating to:		
Inventories	$ 299	$ (114)
Property and equipment	(3,023)	(5,559)
Accrued liabilities and other deductible differences	2,458	3,582
Tax loss and credit carryforwards	--	4,812
Other taxable differences	(29)	(1,420)
Valuation allowance	--	(767)
	$ (295)	$ 534
Net current deferred tax assets	$ 688	$ 1,258
Net noncurrent deferred tax assets	--	2,499
Net noncurrent deferred tax liabilities	(983)	(3,223)
	$ (295)	$ 534

At December 31, 1999, the Company had $1.6 million of foreign tax credit carryforwards, which expire through 2002. The valuation allowance at December 31, 1999 represents an offset to a change in gross deferred income tax assets due to a change in estimate of the Company's ability to utilize a portion of these foreign tax credit carryforwards.

At December 31, 1999, the Company has net operating loss ("NOL") carryforwards, which expire in 2007 through 2018, of approximately $8.4 million for U.S. federal income tax purposes. The NOL carryforwards arose from the acquisition of Thomas Regout's U.S. subsidiary. These losses may only be used to offset future taxable income of the acquired subsidiary and are not available to offset taxable income of other subsidiaries. Utilization of such NOL carryforward is limited to approximately $400,000 annually. The Company utilized NOL carryforwards of $400,000 in 1999 to offset tax expense of $140,000. The Company believes that it is more-likely-than-not that all such NOLs will be utilized to reduce future income tax liabilities. Consequently, no valuation allowance has been recorded to offset the deferred tax asset related to these NOLs.

Note 9 - Stockholders' equity:

	Shares of common stock Class A Issued	Shares of common stock Class B Issued
Balance at December 31, 1996 and 1997	--	10,000,000
Issued at initial public offering	5,980,000	--
Stock award grants	164,880	
Balance at December 31, 1998	6,144,880	10,000,000
Issued	2,500	--
Balance at December 31, 1999	6,147,380	10,000,000

Class A and Class B common stock. The shares of Class A Common Stock and Class B Common Stock are identical in all respects, except for certain voting

rights and certain conversion rights in respect of the shares of the Class B Common Stock. Holders of Class A Common Stock are entitled to one vote per share. Valcor, which holds all of the outstanding shares of Class B Common Stock, is entitled to one vote per share in all matters except for election of directors, for which Valcor is entitled to ten votes per share. Holders of all classes of common stock entitled to vote will vote together as a single class on all matters presented to the stockholders for their vote or approval, except as otherwise required by applicable law. Each share of Class A Common Stock and Class B Common Stock have an equal and ratable right to receive dividends to be paid from the Company's assets when, and if declared by the Board of Directors. In the event of the dissolution, liquidation or winding up of the Company, the holders of Class A Common Stock and Class B Common Stock will be entitled to share equally and ratably in the assets available for distribution after payments are made to the Company's creditors and to the holders of any preferred stock of the Company that may be outstanding at the time. Shares of the Class A Common Stock have no conversion rights. Under certain conditions, shares of Class B Common Stock will convert, on a share-for-share basis, into shares of Class A Common Stock.

Public offering. In March 1998, the Company completed an initial public offering of 5,980,000 shares of the Company's Class A Common Stock at an offering price to the public of $20.00 per share. The net proceeds to the Company were approximately $110.4 million. A majority of the net proceeds to the Company from the offering were used to repay borrowings under the Company's revolving credit facility discussed in Note 6.

Stock award grants. In March 1998, the Company granted 164,880 shares of Class A Common Stock to certain key individuals of the Company (the "Management Shares") for their services in connection with the initial public offering. The Company valued such Class A shares awarded at the initial public offering price of $20 per share, and the aggregate value of the Class A shares awarded was approximately $3.3 million. The Company recognized a charge, at the time of the completion of the public offering, equal to the aggregate value of the Class A shares awarded.

Incentive compensation plan. The CompX International Inc. 1997 Long-Term Incentive Plan provides for the award or grant of stock options, stock appreciation rights, performance grants and other awards to employees and other individuals providing services to the Company. Up to 1.5 million shares of Class A Common Stock may be issued pursuant to the plan. Generally, employee stock options are granted at prices not less than the market price of the Company's stock on the date of grant, and vest over five years and expire ten years from the date of grant.

The following table sets forth changes in outstanding options during 1998 and 1999. The options granted in 1998 were issued concurrent with completion of the initial public offering discussed above at an exercise price equal to the $20 per share initial public offering price.

	Shares	Exercise price per share	Amount payable upon exercise
		(In thousands, except per share amounts)	
Outstanding at December 31, 1997	--	$ --	$ --
Granted	440	20.00	8,800
Canceled	(21)	20.00	(410)
Outstanding at December 31, 1998	419	20.00	8,390

Granted	253	15.88- 20.00	4,647
Canceled	(14)	17.94- 20.00	(253)
Outstanding at December 31, 1999	658	$15.88-$20.00	$ 12,784

Outstanding options at December 31, 1999 represent approximately 11% of the Company's outstanding Class A common shares at that date and expire through 2009 with a weighted-average remaining term of 9 years. At December 31, 1999, options to purchase 77,000 of the Company's shares were exercisable at $20.00 per share, or an aggregate amount payable upon exercise of $1.6 million. These exercisable options are exercisable through 2008 at a price higher than the Company's December 31, 1999 market price of $18.38 per share. At December 31, 1999, options to purchase 131,000 shares are scheduled to become exercisable in 2000 and an aggregate of 674,000 shares were available for future grants.

Other. The following pro forma information, required by Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," is based on an estimation of the fair value of CompX options issued subsequent to January 1, 1998. The weighted average fair values of CompX options granted during 1998 and 1999 were $12.83 and $11.56 per share, respectively. The fair values of such options were calculated using the Black-Scholes stock option valuation model with the following weighted-average assumptions: stock price volatility of 39% to 44%, risk-free rates of return of 5.1% to 6.6%, dividend yields of nil and an expected term of 10 years. The Black-Scholes model was not developed for use in valuing employee stock options, but was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, it requires the use of subjective assumptions including expectations of future dividends and stock price volatility. Such assumptions are only used for making the required fair value estimate and should not be considered as indicators of future dividend policy or stock price appreciation. Because changes in the subjective assumptions can materially affect the fair value estimate, and because employee stock options have characteristics significantly different from those of traded options, the use of the Black-Scholes option-pricing model may not provide a reliable estimate of the fair value of employee stock options.

Had the Company elected to account for its stock-based employee compensation for all awards granted subsequent to January 1, 1998 in accordance with the fair value-based accounting method of SFAS No. 123, the Company's reported net income would have decreased by $.7 million and $1.0 million in 1998 and 1999 respectively, or $.05 and $.06 per basic share, respectively. For purposes of this pro forma disclosure, the estimated fair value of options is amortized to expense over the options' vesting period. Such pro forma impact on net income and basic earnings per share is not necessarily indicative of future effects on net income or earnings per share.

Note 10 - Related party transactions:

The Company may be deemed to be controlled by Harold C. Simmons. See Note 1. Corporations that may be deemed to be controlled by or affiliated with Mr. Simmons sometimes engage in (a) intercorporate transactions such as guarantees, management and expense sharing arrangements, shared fee arrangements, joint ventures, partnerships, loans, options, advances of funds on open account, and sales, leases and exchanges of assets, including securities issued by both related and unrelated parties, and (b) common investment and acquisition strategies, business combinations, reorganizations, recapitalizations, securities repurchases, and purchases and sales (and other acquisitions and dispositions) of subsidiaries, divisions or other business units, which transactions have involved both related and unrelated parties and have included transactions which resulted in the acquisition by one related party of a publicly-held minority equity interest in another related party. The Company continuously considers, reviews and evaluates, and understands that Contran and related entities consider, review and evaluate, such transactions. Depending upon the business, tax and other objectives then relevant, it is possible that the Company might be a party to one or more such transactions in the future.

It is the policy of the Company to engage in transactions with related parties on terms, in the opinion of the Company, no less favorable to the Company than could be obtained from unrelated parties.

In December 1997, the Company paid a $50 million dividend to Valcor in

the form of a $50 million demand note payable (the "Valcor Note"). The Valcor Note was unsecured and bore interest at a fixed rate of 6%. Interest expense related to the Valcor Note was $164,000 in 1997 and $460,000 in 1998. The Valcor Note was repaid in February 1998 using proceeds from the Company's new revolving credit facility discussed in Note 6.

Under the terms of Intercorporate Service Agreements with Valhi and NL Industries, Inc. ("NL"), a majority-owned subsidiary of Valhi. Valhi and NL perform certain management, financial and administrative services for the Company on a fee basis. Such fees are based upon estimates of time devoted to the affairs of the Company by individual Valhi or NL employees and the compensation of such persons. In addition, NL provides certain occupancy and related office services based upon square footage occupied. Fees pursuant to these agreements aggregated $260,000 in 1997, $354,000 in 1998 and $433,000 in 1999.

Certain of the Company's insurance coverages are arranged for and brokered by EWI Re, Inc. Parties related to Contran own 90% of the outstanding common stock of EWI, and a son-in-law of Harold C. Simmons manages the operations of EWI. The Company generally does not compensate EWI directly for insurance, but understands that consistent with insurance industry practice, EWI receives a commission for its services from the insurance underwriters.

The Company and other entities related to Contran participate in a combined risk management program. Net charges from related parties related to this buying program, principally charges for insuring property and other risks, aggregated $208,000 in 1997, $391,000 in 1998 and $265,000 in 1999. These fees and charges are principally pass-through in nature and, in the Company's opinion, are reasonable and not materially different from those that would have been incurred on a stand-alone basis.

Certain employees of the Company have been awarded shares of restricted Valhi common stock and/or granted options to purchase Valhi common stock under the terms of Valhi's stock option plans. Prior to March 1998, the Company paid Valhi the aggregate difference between the option price and the market value of Valhi's common stock on the exercise date of such options. For financial reporting purposes, the Company accounted for the related expense (credit) of $472,000 in 1997 and $(274,000) in 1998 in a manner similar to accounting for stock appreciation rights. Effective March 1998, the Company no longer pays Valhi upon the exercise of such options. Restricted stock which was granted was forfeitable unless certain periods of employment were completed. The Company paid Valhi the market value of the restricted shares on the dates the restrictions expired, and accrued the related expense over the restriction period.

Note 11 - Commitments and contingencies:

Legal proceedings. The Company is involved, from time to time, in various contractual, product liability, patent (or intellectual property) and other claims and disputes incidental to its business. Currently no environmental or other material litigation is pending or, to the knowledge of the Company, threatened. The Company currently believes that the disposition of all claims and disputes, individually or in the aggregate, should not have a material adverse effect on the Company's consolidated financial condition, results of operations or liquidity.

Environmental matters and litigation. The Company's operations are governed by various federal, state, local and foreign environmental laws and regulations. The Company's policy is to comply with environmental laws and regulations at all of its plants and to continually strive to improve environmental performance in association with applicable industry initiatives. The Company believes that its operations are in substantial compliance with applicable requirements of environmental laws. From time to time, the Company may be subject to environmental regulatory enforcement under various statutes, resolution of which typically involves the establishment of compliance programs.

Income taxes. The Company is undergoing examinations of certain of its income tax returns, and tax authorities have or may propose tax deficiencies. The Company believes that it has adequately provided accruals for additional income taxes and related interest expense which may ultimately result from such examinations and believes that the ultimate disposition of all such examinations should not have a material adverse effect on its consolidated financial position, results of operations or liquidity.

Prior to the Company's IPO, the Company was a member of the Contran Tax

Group for U.S. federal income tax purposes. The Company and Valcor were parties to a tax sharing agreement which provided for the allocation of U.S. federal income tax liabilities and tax payments as described in Note 1. The Company was jointly and severally liable for the federal income tax of Contran and the other companies included in the Contran Tax Group for all periods in which the Company was included in Contran Tax Group for U.S. federal income tax purposes. Valcor and Valhi have agreed, however, to indemnify the Company for any liability for federal income taxes of the Contran Tax Group in excess of the Company's tax liability computed in accordance with the tax sharing agreement.

Concentration of credit risk. The Company's products are sold primarily in North America and Europe to original equipment manufacturers. The ten largest customers accounted for approximately 33%, 40% and 33% of sales in 1997, 1998 and 1999, respectively. In 1997 and 1999, no single customer accounted for more than 10% of sales. In 1998, one customer Hon Industries Inc., accounted for approximately 10% of sales.

Other. Royalty expense was $849,000 in 1997, $1,105,000 in 1998 and $1,097,000 in 1999. Royalties relate principally to certain Canadian-produced products sold in the United States and are based upon volume.

Rent expense, principally for equipment, was $425,000 in 1997, $496,000 in 1998 and $609,000 in 1999. At December 31, 1999, future minimum rentals under noncancellable operating leases are approximately $490,000 in 2000, $401,000 in 2001, $252,000 in 2002 and $19,000 in 2003.

Firm purchase commitments for capital projects in process at December 31, 1999 approximated $4 million at December 31, 1999.

Note 12 - Quarterly results of operations (unaudited):

	Quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
	(In millions, except per share amount)			
1998:				
Net sales	$ 32.1	$ 39.7	$ 38.7	$ 41.6
Operating income	3.8	8.8	8.6	9.6
Net income	2.2	6.1	6.0	6.5
Basic and diluted earnings per share	$ .18	$ .38	$ .37	$ .40
1999:				
Net sales	$ 55.2	$ 55.0	$ 55.9	$ 59.8
Operating income	9.6	9.7	9.4	11.4
Net income	5.9	6.1	6.1	7.1
Basic and diluted earnings per share	$ .37	$ .38	$ .38	.44

The sum of the quarterly per share amounts may not equal the annual per share amounts due to relative changes in the weighted average number of shares used in the per share computations.

REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULES

To the Stockholders and Board of Directors of CompX International Inc.:

Our audits of the consolidated financial statements referred to in our report dated February 13, 2000 appearing in the 1999 Annual Report to Shareholders of CompX International Inc. (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 14(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Houston, Texas
February 13, 2000

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In thousands)

Description	Balance at beginning of year	Additions charged to costs and expenses	Deductions	Recoveries and currency translation	Other(a)	Balance at end of year
Year ended December 31, 1997:						
Allowance for doubtful accounts	$ 167	$ 193	$ (58)	$ 9	$--	$ 311
Amortization of other intangible assets	$ 27	$ 12	$ --	$--	$--	$ 39
Year ended December 31, 1998:						
Allowance for doubtful accounts	$ 311	$ 109	$ (210)	$ (10)	$ 110	$ 310
Amortization of goodwill	$--	$ 828	$ --	$--	$--	$ 828
Amortization of other intangible assets	$ 39	$ 182	$ --	$ (5)	$--	$ 216
Year ended December 31, 1999:						
Allowance for doubtful accounts	$ 310	$ 10	$ (89)	$--	$ 494	$ 725
Amortization of goodwill	$ 828	$1,902	$ --	$--	$--	$2,730
Amortization of other intangible assets	$ 216	$ 210	$ --	$--	$--	$ 426

(a) 1998 and 1999 - Business units acquired.

COMPX INTERNATIONAL INC.

AMENDMENT NO. 1 TO THE
CREDIT AGREEMENT

dated as of December 15, 1999

BANKERS TRUST COMPANY,
as Agent

and

VARIOUS LENDING INSTITUTIONS

AMENDMENT NO. 1 TO
CREDIT AGREEMENT

This Amendment Number 1 to Credit Agreement (this "Agreement") is entered into as of December 15, 1999, by the and among COMPX INTERNATIONAL INC., a Delaware corporation (the "Company"), each of the several financial institutions signatory hereto (collectively, the "Majority Lenders") and Bankers Trust Company, a New York banking corporation, individually and as agent (the "Agent") for the benefit of the Lenders under the Credit Agreement hereinafter referred to.

RECITALS

A. The Company, the Agent and the financial institutions from time to time party thereto are parties to that certain Credit Agreement dated as of February 26, 1998 (the "Credit Agreement"). Unless otherwise specified herein, capitalized terms used in this Agreement shall have the meanings ascribed to them by the Credit Agreement, as amended hereby.

B. The Borrowers, the Agent and the Majority Lenders have agreed to amend the Credit Agreement on terms and conditions herein set forth subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the mutual execution hereof and other good and valuable consideration, the parties hereto agree as follows:

1. Amendments to Credit Agreement. Section 8.5 of the Credit Agreement is hereby amended by deleting the clause "after the second anniversary hereof" where such words first appear after the words "provided, however, that" in such section.

2. Representations and Warranties of the Borrowers. The Company represents and warrants that:

(a) The execution, delivery and performance by the Company of this Agreement have been duly authorized by all necessary corporate action and that this Agreement is a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except as the enforcement thereof may be subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally;

(b) Each of the representations and warranties contained in the

Credit Agreement is true and correct in all material respects on and as of the date hereof as if made on the date hereof, except to the extent that any such representation or warranty relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date; and

(c) After giving effect to this Agreement, no Default or Unmatured Default has occurred and is continuing.

3. Conditions to Effectiveness of Agreement. This Agreement shall become effective on the date (the "Effective Date") each of the following conditions precedent is satisfied:

(a) Execution and Delivery. The Company, the Agent and the Majority Lenders shall have executed and delivered this Agreement.

(b) No Defaults. After giving effect to this Agreement, no Unmatured Event of Default or Event of Default under the Credit Agreement shall have occurred and be continuing.

(c) Representations and Warranties. After giving effect to the amendments contemplated by this Agreement, the representations and warranties of the Company contained in this Agreement, the Credit Agreement and the other Loan Documents shall be true and correct in all respects as of the Effective Date, with the same effect as though made on such date, except to the extent that any such representation or warranty relates to an earlier date, in which case such representation or warranty shall be true and correct in all material respects as of such earlier date.

(d) General. The Agent shall have received such other documents, Certificates and opinions, as it may reasonably require.

4. Reference to and Effect Upon the Credit Agreement.

(a) Upon the Effective Date, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein," or words of like import and each reference to the Credit Agreement in each Loan Document shall mean and be a reference to the Credit Agreement as amended and restated hereby and the Credit Agreement is amended as set forth herein and is hereby restated in its entirety to read as set forth in the Credit Agreement with the amendments specified herein.

(b) Except as specifically amended above, all of the terms, conditions and covenants of the Credit Agreement and the other Loan Documents shall remain unaltered and in full force and effect and are hereby ratified and confirmed in all respects.

(c) The execution, delivery and effectiveness of this Agreement shall not operate as a waiver of any right, power or remedy of the Agent or any Lender under the Credit Agreement or any other Loan Document, nor constitute a waiver of any provision of the Credit Agreement or any Loan Document, except as specifically set forth herein.

5. Costs and Expenses. The Company hereby affirms its obligation under Section 11.04 of the Credit Agreement to reimburse the Agent for all reasonable costs, internal charges and out-of-pocket expenses paid or incurred by the Agent in connection with the preparation, negotiation, execution and delivery of this Agreement, including but not limited to the attorneys' fees and time charges of attorneys for the Agent with respect thereto.

6. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed an original but all such counterparts shall constitute one and the same instrument.

(signature pages follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the date above first written.

COMP X INTERNATIONAL INC., a Delaware corporation

By:

Name:

Title:

BANKERS TRUST COMPANY, individually as a Lender and as Agent

By:

Name:

Title:

BANK OF AMERICA, N.A., (Formerly NationsBank, N.A.), as a Lender

By:

Name:

Title:

BANK OF TOYKO, as Lender

By:

Name:

Title:

FIRST UNION NATIONAL BANK, as a Lender

By:

Name:

Title:

WACHOVIA BANK, N.A., as a Lender

By:

Name:

Title:

REAFFIRMATION OF GUARANTY

Each of the undersigned acknowledges receipt of a copy of the Amendment No. 1 to the Credit Agreement (the "Amendment") dated as of December 17, 1999, consents to such Amendment and hereby reaffirms its obligations under that certain Subsidiary Guaranty Agreement dated February 26, 1998.

Dated as of December 17, 1999.

INTERCORPORATE SERVICES AGREEMENT

This INTERCORPORATE SERVICES AGREEMENT (the "Agreement"), effective as of January 1, 1999, amends and supersedes that certain Intercorporate Services Agreement effective as of January 1, 1998 between VALHI, INC., a Delaware corporation ("Valhi"), and COMPX INTERNATIONAL INC., a Delaware corporation ("Recipient").

Recitals

A. Employees and agents of Valhi and affiliates of Valhi perform management, financial and administrative functions for Recipient without direct compensation from Recipient.

B. Recipient does not separately maintain the full internal capability to perform all necessary management, financial and administrative functions that Recipient requires.

C. The cost of maintaining the additional personnel by Recipient necessary to perform the functions provided for by this Agreement would exceed the fee set forth in Section 3 of this Agreement and that the terms of this Agreement are no less favorable to Recipient than could otherwise be obtained from a third party for comparable services.

D. Recipient desires to continue receiving the management, financial and administrative services presently provided by Valhi and affiliates of Valhi and Valhi is willing to continue to provide such services under the terms of this Agreement.

Agreement

For and in consideration of the mutual premises, representations and covenants herein contained, the parties hereto mutually agree as follows:

Section 1. Services to be Provided. Valhi agrees to make available to Recipient the following services (the "Services") to be rendered by the internal staff of Valhi and affiliates of Valhi:

(a) Consultation and assistance in the development and implementation of Recipient's corporate business strategies, plans and objectives;

(b) Consultation and assistance in management and conduct of corporate affairs and corporate governance consistent with the charter and bylaws of Recipient;

(c) Consultation and assistance in maintenance of financial records and controls, including preparation and review of periodic financial statements and reports to be filed with public and regulatory entities and those required to be prepared for financial institutions or pursuant to indentures and credit agreements;

(d) Consultation and assistance in cash management and in arranging financing necessary to implement the business plans of Recipient;

(e) Consultation and assistance in tax management and administration, including, without limitation, preparation and filing of tax returns, tax reporting, examinations by government authorities and tax planning;

(f) Consultation and assistance in performing internal audit and control functions;

(g) Consultation and assistance with respect to employee benefit plans and incentive compensation arrangements; and

(h) Such other services as may be requested by Recipient or deemed necessary and proper from time to time.

Section 2. Miscellaneous Services. It is the intent of the parties

hereto that Valhi provide only the Services requested by Recipient in connection with routine management, financial and administrative functions related to the ongoing operations of Recipient and not with respect to special projects, including corporate investments, acquisitions and divestitures. The parties hereto contemplate that the Services rendered in connection with the conduct of Recipient's business will be on a scale compared to that existing on the effective date of this Agreement, adjusted for internal corporate growth or contraction, but not for major corporate acquisitions or divestitures, and that adjustments may be required to the terms of this Agreement in the event of such major corporate acquisitions, divestitures or special projects. Recipient will continue to bear all other costs required for outside services including, but not limited to, the outside services of attorneys, auditors, trustees, consultants, transfer agents and registrars, and it is expressly understood that Valhi assumes no liability for any expenses or services other than those stated in Section 1. In addition to the fee paid to Valhi by Recipient for the Services provided pursuant to this Agreement, Recipient will pay to Valhi the amount of out-of-pocket costs incurred by Valhi in rendering such Services.

Section 3. Fee for Services. Recipient agrees to pay to Valhi $81,000 quarterly, commencing as of January 1, 1999, pursuant to this Agreement.

Section 4. Original Term. Subject to the provisions of Section 5 hereof, the original term of this Agreement shall be from January 1, 1999 to December 31, 1999.

Section 5. Extensions. This Agreement shall be extended on a quarter-to-quarter basis after the expiration of its original term unless written notification is given by Valhi or Recipient thirty (30) days in advance of the first day of each successive quarter or unless it is superseded by a subsequent written agreement of the parties hereto.

Section 6. Limitation of Liability. In providing its Services hereunder, Valhi shall have a duty to act, and to cause its agents to act, in a reasonably prudent manner, but neither Valhi nor any officer, director, employee or agent of Valhi or its affiliates shall be liable to Recipient for any error of judgment or mistake of law or for any loss incurred by Recipient in connection with the matter to which this Agreement relates, except a loss resulting from willful misfeasance, bad faith or gross negligence on the part of Valhi.

Section 7. Indemnification of Valhi by Recipient. Recipient shall indemnify and hold harmless Valhi, its affiliates and their respective officers, directors and employees from and against any and all losses, liabilities, claims, damages, costs and expenses (including attorneys' fees and other expenses of litigation) to which Valhi or any such person may become subject arising out of the Services provided by Valhi to Recipient hereunder, provided that such indemnity shall not protect any person against any liability to which such person would otherwise be subject by reason of willful misfeasance, bad faith or gross negligence on the part of such person.

Section 8. Further Assurances. Each of the parties will make, execute, acknowledge and deliver such other instruments and documents, and take all such other actions, as the other party may reasonably request and as may reasonably be required in order to effectuate the purposes of this Agreement and to carry out the terms hereof.

Section 9. Notices. All communications hereunder shall be in writing and shall be addressed, if intended for Valhi, to Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240, Attention: President, or such other address as it shall have furnished to Recipient in writing, and if intended for Recipient, to Two Greenspoint Plaza, 16825 Northchase Drive, Suite 1200, Houston, Texas 77060, Attention: Chairman of the Board, or such other address as it shall have furnished to Valhi in writing.

Section 10. Amendment and Modification. Neither this Agreement nor any term hereof may be changed, waived, discharged or terminated other than by agreement in writing signed by the parties hereto.

Section 11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Valhi and Recipient and their respective successors and assigns, except that neither party may assign its rights under this Agreement without the prior written consent of the other party.

Section 12. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the state of Texas.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

VALHI, INC.

By:
Steven L. Watson
President

COMPX INTERNATIONAL INC.

By:
Joseph S. Compofelice
Chairman of the Board,
President and Chief
Executive Officer

EXHIBIT 21.1 SUBSIDIARIES OF THE REGISTRANT

Name of Corporation	Jurisdiction of Incorporation or Organization	% of Voting Securities Held at December 31, 1999
Waterloo Furniture Components Limited	Canada	100
Fort Lock Corporation	Illinois	100
Fort Securite SA	France	58
Timberline Lock, Ltd.	Illinois	100
CompX Europe B.V.	Netherlands	100
Thomas Regout Holding B.V.	Netherlands	100
Thomas Regout U.S.A., Inc.	Michigan	100
Thomas Regout Nederland B.V.	Netherlands	100
Thomas Regout B.V.	Netherlands	100
Thomas Regout International B.V.	Netherlands	100
CompX Asia Holding Corporation	Malaysia	100
Yin Da Slide Co., Ltd.	Taiwan	100
Chicago Lock Company	Delaware	100
Chicago Tubar Company	Delaware	100

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in CompX International Inc.'s (i) Registration Statement (Form S-8 No. 333-47539) and related Prospectus pertaining to the CompX International Inc. 1997 Long-Term Incentive Plan and (ii) Registration Statement (Form S-8 No. 333-56163) and related Prospectus pertaining to the National Cabinet Lock, Inc. Contributory Retirement Plan, of our report dated February 13, 2000 on our audits of the consolidated financial statements and financial statement schedules of CompX International Inc. and Subsidiaries included in this Annual Report on Form 10-K for the year ended December 31, 1999.

PricewaterhouseCoopers LLP

Houston, Texas
March 22, 2000

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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM COMPX INTERNATIONAL INC.'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1999, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED FINANCIAL STATEMENTS.
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