SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarter ended June 30, 2002 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 organization)	(IRS Employer Identification No.)

5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240-2697

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (972) 448-1400

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

Number of shares of Class A common stock outstanding on August 9, 2002: 5,115,780.

COMPX INTERNATIONAL INC.

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COMPX INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	December 31, 2001	June 30, 2002
Current assets:		
Cash and cash equivalents	$ 33,309	$ 11,140
Accounts receivable, net	23,422	24,756
Income taxes receivable from affiliates	351	384
Refundable income taxes	2,032	4,041
Inventories	30,902	31,114
Prepaid expenses and other	2,902	2,906
Deferred income taxes	1,944	1,956
Total current assets	94,862	76,297
Other assets:		
Goodwill	38,882	40,286
Other intangible assets	2,440	2,397
Deferred income taxes	3,132	3,053
Prepaid rent	1,079	811
Other	577	349
Total other assets	46,110	46,896
Property and equipment:		
Land	4,368	4,433
Buildings	26,182	26,755
Equipment	92,683	100,970
Construction in progress	4,618	6,922
	127,851	139,080
Less accumulated depreciation	42,815	50,816

Net property and equipment	85,036	88,264
	$226,008	$211,457

COMPX INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2001	June 30, 2002
Current liabilities:		
Current maturities of long-term debt	$ 56	$ 30,031
Accounts payable and accrued liabilities	23,168	22,590
Payable to affiliate	15	1
Deferred income taxes	291	45
Income taxes	1,000	792
Total current liabilities	24,530	53,459
Noncurrent liabilities:		
Long-term debt	49,000	--
Deferred income taxes	7,573	9,661
Accrued pension costs	660	--
Deferred gain on sale/leaseback	1,221	877
Total noncurrent liabilities	58,454	10,538
Stockholders' equity:		
Preferred stock	--	--
Class A common stock	62	62
Class B common stock	100	100
Additional paid-in capital	119,224	119,260
Retained earnings	50,966	49,352
Accumulated other comprehensive income - currency translation	(16,013)	(9,999)
Treasury stock	(11,315)	(11,315)
Total stockholders' equity	143,024	147,460
	$ 226,008	$ 211,457

Commitments and contingencies (Note 1)

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share data)

	Three months ended June 30,		Six months ended June 30,	
	2001	2002	2001	2002
Net sales	$53,371	$51,017	$ 112,954	$99,586
Cost of sales	41,095	41,266	86,806	80,128
	12,276	9,751	26,148	19,458
Selling, general and administrative	6,932	7,072	13,999	14,259
Operating income	5,344	2,679	12,149	5,199
Other expense (income), net	20	456	(219)	145
Interest expense	868	655	1,672	1,338
Income before income taxes	4,456	1,568	10,696	3,716
Provision for income taxes	1,796	737	4,311	1,554
Net income	$ 2,660	$ 831	$ 6,385	$ 2,162
Basic and diluted earnings per common share	$ .18	$ .05	$ .42	$ .14
Cash dividends per share	$ .125	$ .125	$ .25	$ .25
Shares used in the calculation of per share amounts:				
Basic earnings per common share	15,114	15,105	15,185	15,104
Dilutive impact of outstanding stock options	9	17	5	15
Diluted common shares	15,123	15,122	15,190	15,119

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands)

	Three months ended June 30,		Six months ended June 30,	
	2001	2002	2001	2002

Net income	$ 2,660	$ 831	$ 6,385	$2,162
Other comprehensive income - Currency translation adjustment, net of tax	(53)	6,212	(3,556)	6,014
Comprehensive income	$ 2,607	$7,043	$ 2,829	$8,176

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Six months ended June 30, 2001 and 2002

(In thousands)

	2001	2002
Cash flows from operating activities:		
Net income	$ 6,385	$ 2,162
Depreciation and amortization	7,314	6,466
Deferred income taxes	581	(62)
Other, net	190	(408)
	14,470	8,158
Change in assets and liabilities:		
Accounts receivable	1,265	(598)
Inventories	(469)	869
Accounts payable and accrued liabilities	(6,480)	(320)
Accounts with affiliates	62	(47)
Income taxes	(449)	(393)
Other, net	532	104
Net cash provided by operating activities	8,931	7,773
Cash flows from investing activities - capital expenditures	(6,966)	(7,519)
Cash flows from financing activities:		
Indebtedness:		
Additions	14,919	--
Principal payments	(6,485)	(19,025)
Dividends	(3,778)	(3,776)
Common stock reacquired	(2,650)	--

Net cash provided (used) by financing activities .	2,006	(22,801)
Net increase (decrease) in cash and cash equivalents ...	3,971	(22,547)
Currency translation	20	378
	3,991	(22,169)
Cash and cash equivalents:		
Balance at beginning of period	9,820	33,309
Balance at end of period	$ 13,811	$ 11,140
Supplemental disclosures - cash paid for:		
Interest	$ 1,949	$ 1,252
Income taxes	3,983	2,317

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Six months ended June 30, 2002

(In thousands)

	Common Stock Class A	Common Stock Class B	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)- currency translation	Treasury stock	Total stockholders' equity
Balance at December 31, 2001 ..	$62	$100	$119,224	$ 50,966	$(16,013)	$(11,315)	$ 143,024
Net income	--	--	--	2,162	--	--	2,162
Other comprehensive income, net	--	--	--	--	6,014	--	6,014
Issuance of common stock	--	--	36	--	--	--	36
Cash dividends	--	--	--	(3,776)	--	--	(3,776)
Balance at June 30, 2002	$62	$100	$119,260	$ 49,352	$ (9,999)	$(11,315)	$ 147,460

COMPX INTERNATIONAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of presentation:

The consolidated balance sheet of CompX International Inc. and Subsidiaries (collectively, the "Company") at December 31, 2001 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at June 30, 2002 and the consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the interim periods ended June 30, 2001 and 2002 have been prepared by the Company, without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations. Certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 Annual Report").

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.

Commitments and contingencies are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the 2001 Annual Report.

The Company is 69% owned by Valhi, Inc. (NYSE: VHI) and Valhi's wholly-owned subsidiary Valcor, Inc. 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 by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is sole trustee. Mr. Simmons, the Chairman of the Board of each of Contran, Valhi and Valcor, may be deemed to control such companies and the Company.

Note 2 - Business segment information:

The Company defines its operations in terms of three operating segments - CompX Security Products, CompX Waterloo and CompX Regout (formerly called CompX Europe). The CompX Security Products segment, with manufacturing facilities in South Carolina and Illinois, manufactures locking mechanisms and other security products for sales to the office furniture, banking, vending, computer and other industries. The CompX Waterloo segment, with facilities in Canada, Michigan and Taiwan, and the CompX Regout segment, with facilities in the Netherlands, both manufacture a complete line of precision ball bearing slides for use in office furniture, computer-related equipment, tool storage cabinets and other applications, and manufacture or distribute ergonomic computer support accessories for office furniture. Because of the similar economic characteristics between the CompX Waterloo and CompX Regout segments and due to the identical products, customer types, production processes and distribution methods shared by these two segments, they have been aggregated into a single reportable segment for segment reporting purposes.

	Three months ended June 30,		Six months ended June 30,	
	2001	2002	2001	2002
	(In thousands)			
Net sales:				
CompX Waterloo/CompX Regout	$ 34,702	$ 31,725	$ 73,759	$ 62,113
CompX Security Products ...	18,669	19,292	39,195	37,473

Total net sales	$ 53,371	$ 51,017	$ 112,954	$ 99,586
Operating income:				
CompX Waterloo/CompX Regout	$ 2,872	$ 303	$ 7,106	$ 714
CompX Security Products	2,472	2,376	5,043	4,485
Total operating income	5,344	2,679	12,149	5,199
Other general corporate income, net	(20)	(456)	219	(145)
Interest expense	(868)	(655)	(1,672)	(1,338)
Income before income taxes	$ 4,456	$ 1,568	$ 10,696	$ 3,716

Note 3 - Inventories:

	December 31, 2001	June 30, 2002
	(In thousands)	
Raw materials	$ 9,677	$ 7,907
Work in process	12,619	13,726
Finished products	8,494	9,329
Supplies	112	152
	$30,902	$31,114

Note 4 - Goodwill and other intangible assets:

Goodwill. Changes in the carrying amount of goodwill are presented in the table below.

	Operating segment CompX Waterloo/ CompX Regout	CompX Security Products	Total
	(In millions)		
Balance at December 31, 2001	$15.2	$23.7	$38.9
Goodwill acquired during the period	--	--	--
Changes in foreign exchange rates	1.4	--	1.4
Balance at June 30, 2002	$16.6	$23.7	$40.3

Upon adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002 (See Note 10), the goodwill related to the CompX Security Products segment and the CompX Waterloo/CompX Regout segment was assigned to reporting units (as defined in SFAS No. 142) consisting of the reportable operating segments to which the goodwill relates.

Other intangible assets. Other intangible assets consisting of the estimated fair value of certain patents acquired, are stated net of accumulated amortization of $1.1 million at June 30, 2002 (December 31, 2001 - $1.0 million). Such intangible assets have been, and will continue to be after adoption of SFAS No. 142 effective January 1, 2002, amortized by the straight-line method over the lives of the patents (approximately 10.75 years remaining at June 30, 2002) with no assumed residual value at the end of the life of the patents. Amortization expense of intangible assets was approximately $60,000 in each of the three month periods ending June 30, 2001 and 2002 and $120,000 in each of the first six months of 2001 and 2002. Such amortization expense is expected to be approximately $250,000 in each of calendar years 2002 through 2006.

Note 5 - Accounts payable and accrued liabilities:

	December 31, 2001	June 30, 2002
	(In thousands)	
Accounts payable	$ 9,459	$10,241
Accrued liabilities:		
Employee benefits	6,619	7,182
Insurance	361	396
Royalties	223	117
Restructuring	2,278	683
Deferred gain on sale/leaseback	479	765
Other	3,749	3,206
	$23,168	$22,590

In 2001, a charge of $2.7 million (euro 3.1 million) was recorded related to a consolidation and rationalization of CompX's Regout operations. This restructuring effort included headcount reductions of about 35 employees at the Company's Maastricht, the Netherlands facility, substantially all of which had been implemented by December 31, 2001. Through June 30, 2002, approximately $2.2 million of the total charge has been paid. Of the remainder, $100,000 is expected to be paid in the last six months of 2002 and $600,000 in 2003. The restructuring liability has also changed due to fluctuations in foreign currency exchange rates.

Note 6 - Indebtedness:

	December 31, 2001	June 30, 2002
	(In thousands)	
Revolving bank credit facility, due February 2003	$49,000	$30,000
Other	56	31
	49,056	30,031
Less current maturities	56	30,031
	$49,000	$ --

Note 7 - Other expense (income), net:

	Three months ended June 30,		Six months ended June 30,	
	2001	2002	2001	2002
	(In thousands)			
Interest income	$(134)	$(111)	$(287)	$(295)
Foreign currency transactions, net	197	640	88	930
Defined benefit pension plan settlement gain	--	--	--	(677)
Other, net	(43)	(73)	(20)	187
	$ 20	$ 456	$(219)	$ 145

As of January 1, 2001, the Company ceased providing future benefits under a defined benefit pension plan covering substantially all full-time employees of Thomas Regout International B.V. This action reduced certain pension benefit obligations and resulted in a curtailment gain in the fourth quarter of 2001. Certain other remaining obligations related to the terminated plan were fully settled during the first quarter of 2002, resulting in a settlement gain of approximately $677,000.

Note 8 - Provision for income taxes:

	Three months ended June 30,		Six months ended June 30,	
	2001	2002	2001	2002
	(In thousands)			
Expected tax expense	$ 1,560	$ 549	$ 3,744	$ 1,301
Non-U.S. tax rates	(77)	(116)	(174)	(203)
No tax benefit for amortization of goodwill	172	--	346	--
Other, net	141	304	395	456
	$ 1,796	$ 737	$ 4,311	$ 1,554

Note 9 - Accounting principles newly adopted in 2002:

Goodwill. The Company adopted SFAS No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002. Under SFAS No. 142, goodwill is no longer amortized on a periodic basis. Goodwill is subject to an impairment test to be performed at least on an annual basis, and impairment reviews may result in future periodic write-downs charged to earnings. Under the transition provisions of SFAS No. 142, all goodwill existing as of June 30, 2001 ceased to be periodically amortized as of January 1, 2002, and all goodwill arising in a purchase business combination completed on or after July 1, 2001 was not periodically amortized from the date of such combination.

As discussed in Note 4, the Company has assigned its goodwill to two reporting units (as that term is defined in SFAS No. 142). Under SFAS No. 142, such goodwill will be deemed to not be impaired if the estimated fair value of the CompX Security Products and CompX Waterloo/CompX Regout reporting units exceeds the respective net carrying value of such reporting units, including the allocated goodwill. If the fair value of the reporting unit is less than carrying value, then a goodwill impairment loss would be recognized equal to the excess, if any, of the net carrying value of the reporting unit goodwill over its implied fair value (up to a maximum impairment equal to the carrying value of the goodwill). The implied fair value of reporting unit goodwill would be the amount equal to the excess of the estimated fair value of the reporting unit over the amount that would be allocated to the tangible and intangible net assets of the reporting unit (including unrecognized intangible assets) as if such reporting unit had been acquired in a purchase business combination accounted for in accordance with GAAP as of the date of the impairment testing.

In determining the estimated fair value of the reporting units, the Company will use discounted cash flow valuation techniques.

The Company has completed its initial, transitional goodwill impairment analysis under SFAS No. 142 as of January 1, 2002, and no goodwill impairments were deemed to exist. In accordance with the requirements of SFAS No. 142, the Company will review goodwill of the reporting units for impairment during the third quarter of each year starting in 2002. Goodwill will also be reviewed for impairment at other times during each year when events or changes in circumstances indicate that an impairment might be present.

As shown in the following table, the Company would have reported net income of $3.2 million, or $.21 per share, and $7.4 million, or $.49 per share, for the three and six month periods ended June 30, 2001, respectively, if the goodwill amortization included in the Company's reported net income had not been recognized.

	Three months ended June 30, 2001	Three months ended June 30, 2002	Six months ended June 30, 2001	Six months ended June 30, 2002
	(In millions, except per share amounts)			
Net income as reported	$ 2.7	$ .8	$ 6.4	$ 2.2
Adjustment - goodwill amortization	.5	--	1.0	--
Adjusted net income	$ 3.2	$ .8	$ 7.4	$ 2.2
Diluted net income per share as reported	$ .18	$ .05	$ .42	$ .14
Adjustment - goodwill amortization	.03	--	.07	--
Adjusted diluted net income per share	$ .21	$ .05	$ .49	$ .14

Impairment of long-lived assets. The Company adopted SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, effective January 1, 2002. SFAS No. 144 retains the fundamental provisions of existing GAAP with respect to the recognition and measurement of long-lived asset impairment contained in SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Lived-Lived Assets to be Disposed Of. However, SFAS No. 144 provides new guidance intended to address certain implementation issues associated with SFAS No. 121, including expanded guidance with respect to appropriate cash flows to be used to determine whether recognition of any long-lived asset impairment is required, and if required how to measure the amount of the impairment. SFAS No. 144 also requires that any net assets to be disposed of by sale are to be reported at the lower of carrying value or fair value less cost to sell, and expands the reporting of discontinued operations to include any component of an entity with operations and cash flows that can be clearly distinguished from the rest of the entity. Adoption of SFAS No. 144 did not have a significant effect on the Company as of January 1, 2002.

Note 10 - Accounting principles not yet adopted:

The Company will adopt SFAS No. 143, Accounting for Asset Retirement

Obligations, no later than January 1, 2003. Under SFAS No. 143, the fair value of a liability for an asset retirement obligation covered under the scope of SFAS No. 143 would be recognized in the period in which the liability is incurred, with an offsetting increase in the carrying amount of the related long-lived asset. Over time, the liability would be accreted to its present value, and the capitalized cost would be depreciated over the useful life of the related asset. Upon settlement of the liability, an entity would either settle the obligation for its recorded amount or incur a gain or loss upon settlement. The Company is still studying this standard to determine, among other things, whether it has any asset retirement obligations which are covered under the scope of SFAS No. 143, and the effect, if any, to the Company of adopting SFAS No. 143 has not yet been determined.

The Company will adopt SFAS No. 146, Accounting for Costs Associated with Exit or Disposal Activities, no later than January 1, 2003 for exit or disposal activities initiated on or after the date of adoption. Under SFAS No. 146, costs associated with exit activities, as defined, that are covered by the scope of SFAS No. 146 will be recognized and measured initially at fair value, generally in the period in which the liability is incurred. Costs covered by the scope of SFAS No. 146 include termination benefits provided to employees, costs to consolidate facilities or relocate employees, and costs to terminate contracts (other than a capital lease). Under existing GAAP, a liability for such an exit cost is recognized at the date an exit plan is adopted, which may or may not be the date at which the liability has been incurred.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

The Company reported net income of $.8 million in the second quarter of 2002, a decrease of 69% from net income of $2.7 million for the second quarter of 2001. The Company reported net income of $2.2 million in the first six months of 2002, a 66% decrease from net income of $6.4 million in the first six months of 2001.

As discussed in Note 9 to the Consolidated Financial Statements, beginning in 2002 the Company no longer recognizes periodic amortization of goodwill in its results of operations. The Company would have reported net income of approximately $3.2 million in the second quarter of 2001, or about $500,000 higher, if goodwill amortization included in the Company's reported net income had not been recognized. Of such $500,000 difference, approximately $200,000 relates to amortization of goodwill attributable to the Company's CompX Waterloo/CompX Regout segment and $300,000 relates to the Company's CompX Security Products segment. For the six month period ended June 30, 2001, net income would have been $7.4 million or about $1.0 million higher than reported net income if goodwill amortization had not been recognized. Amortization of goodwill attributable to each reportable segment for the first six months of 2001 is proportionate to the goodwill amortization reported for the second quarter of 2001.

Results of Operations

	Three months ended June 30, 2001	Three months ended June 30, 2002	% Change	Six months ended June 30, 2001	Six months ended June 30, 2002	% Change
	(In thousands)			(In thousands)		
Net sales:						
CompX Waterloo/CompX Regout	$34,702	$31,725	-9%	$ 73,759	$62,113	-16%
CompX Security Products ...	18,669	19,292	3%	39,195	37,473	-4%
Total net sales	$53,371	$51,017	-4%	$112,954	$99,586	-12%

Operating income:						
CompX Waterloo/CompX Regout	$ 2,872	$ 303	-89%	$ 7,106	$ 714	-90%
CompX Security Products ...	2,472	2,376	-4%	5,043	4,485	-11%
Total operating income ..	$ 5,344	$ 2,679	-50%	$ 12,149	$ 5,199	-57%
Operating income margin:						
CompX Waterloo/CompX Regout	8%	1%		10%	1%	
CompX Security Products ...	13%	12%		13%	12%	
Total operating income margin:	10%	5%		11%	5%	

Net sales. Net sales decreased in the second quarter and first six months of 2002 compared to the same periods in 2001 principally due to continued weak demand for the Company's component products sold to the office furniture market resulting from continued weak economic conditions in the manufacturing sector in North America and Europe. Net sales of slide products decreased 4% and 16% for the three and six month periods ended June 30, 2002 compared to the same periods in 2001, with sales of ergonomic products decreasing 16% and 19% for the same comparable periods. As compared to the corresponding period in 2001, sales of security products increased 3% for the second quarter of 2002, in part due to new business development and increased orders in advance of implementation of July 2002 price increases. Sales of security products decreased 4% for the six month period ended June 30, 2002 as compared to the corresponding period.

Operating income. Operating income decreased in the second quarter and first six months of 2002 compared to the same periods in 2001. Despite the positive effects of continued cost reductions and no amortization of goodwill in 2002, operating income in 2002 was adversely impacted by the continuing decline in net sales, changes in product mix and increases in certain raw material costs (primarily steel). In addition, competitive pricing pressures from customers caused certain selling price decreases. If goodwill amortization included in CompX's reported operating income had not been recognized during the second quarter and first six months of 2001, total operating income would have decreased 55% and 61% in the second quarter and first six month period of 2002 compared to the same periods in 2001. Similarly, operating income at the CompX Security Products segment would have decreased 16% and 22% and operating income at the CompX Waterloo/CompX Regout segment would have decreased 90% and 91% for the same comparable periods. Note 9 to the Consolidated Financial Statements more fully discusses the transitional impact of the adoption of SFAS No. 142, Goodwill and Other Intangible Assets, as of January 1, 2002.

CompX has substantial operations and assets located outside the United States (principally in Canada, the Netherlands and Taiwan, and all within the CompX Waterloo/CompX Regout segment). A portion of CompX's sales generated from its non-U.S. operations are denominated in currencies other than the U.S. dollar, principally the Canadian dollar, the euro and the New Taiwan dollar. In addition, approximately 60% of CompX's sales generated from its Canadian operations are denominated in the U.S. dollar. Most raw materials, labor and other production costs for such non-U.S. operations are denominated primarily in local currencies. Consequently, the translated U.S. dollar value of CompX's foreign sales and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings and may affect comparability of period-to-period operating results. During the second quarter and first six months of 2002, currency exchange rate fluctuations of the Canadian dollar and the New Taiwan dollar negatively impacted the Company's sales comparisons with the corresponding period of the prior year, however currency exchange rate fluctuations with respect to the euro substantially offset this negative impact (principally with respect to slide products). Excluding the effect of currency, the Company's net sales decreased 5% in the second quarter of 2002 and decreased 11% in the first six months of 2002 compared to the corresponding periods in 2001. The net sales of the Company's CompX Waterloo/CompX Regout segment decreased 9% and 15% for the same comparable periods. Currency exchange rate fluctuations with respect to the Canadian dollar positively affected CompX's operating income comparisons with the corresponding period of the prior year whereas exchange rate fluctuations in the euro, New Taiwan dollar and other currencies did not materially impact these operating income comparisons. Excluding the effect of currency, operating income decreased 49% and 59% in the second quarter and first six months of 2002 compared to 2001 and operating income for the CompX Waterloo/CompX Regout segment decreased 49% and 76%, for the same comparable periods.

Outlook. The Company currently expects that soft market conditions will continue for the near-term in the office furniture market, the primary end-market for the Company's products. As a result, sales volumes are expected to remain at depressed levels for at least the remainder of the year, while competitive pricing pressures are expected to continue. Furthermore, the worldwide steel price increase that followed the steel tariff imposed this year by the United States government are expected to continue to negatively impact margins on the Company's precision slide and ergonomic computer support products where steel is the primary raw material. The Company will continue to focus on cost improvement initiatives and prudent balance sheet management in order to minimize the impact of lower sales to the office furniture industry and to develop value-added customer relationships to improve operating earnings. In connection with these cost improvement initiatives, the Company may consider strategies that could result in capacity reductions, the consolidation of existing facilities and production rebalancing which, depending on the outcome, may result in future restructuring charges.

General Corporate and other items

Other general corporate income, net. The components of other general corporate income, net are summarized in Note 7 to the Consolidated Financial Statements, and primarily include interest income, foreign currency transaction gains and losses and a settlement gain relating to CompX's terminated defined benefit pension plan. See Note 7 to the Consolidated Financial Statements.

Interest income decreased in the second quarter and increased in the first six months of 2002 as compared to the corresponding periods in 2001. The decrease in interest income is primarily due to lower interest rates earned on funds available for investment. The increase in interest income in the six month period ending June 30, 2002 is primarily due to a higher level of funds available for investment in the first half of 2002 compared to the first half of 2001. Also included in other general corporate income, net are other gains and losses on disposals of property and equipment and other assets.

Interest expense. Interest expense declined in the second quarter of 2002 and first six months of 2002 compared to the corresponding periods of 2001 due primarily to lower average interest rates on CompX's Revolving Senior Credit Facility. Assuming interest rates do not increase significantly from year-end 2001 levels, interest expense in the remainder of 2002 is expected to continue to be lower compared to the same periods in 2001 due to lower average interest rates on the Company's Revolving Senior Credit Facility and due to lower outstanding balances.

Provision for income taxes. The principal reasons for the difference between CompX's effective income tax rates and the U.S. federal statutory income tax rates are explained in Note 8 to the Consolidated Financial Statements. Income tax rates vary by jurisdiction (county and/or state), and relative changes in the geographic mix of CompX's pre-tax earnings can result in fluctuations in the effective income tax rate. The effective tax rate for the three months ended June 30, 2002 increased to 47.0% from 40.3% for the second quarter of 2001 due to lower income levels and an increased proportion of foreign-source income which is taxed at a higher effective tax rate.

As discussed in Note 9 to the Consolidated Financial Statements, effective January 1, 2002, the Company no longer recognizes periodic amortization of goodwill. Under GAAP, generally there is no income tax benefit recognized for financial reporting purposes attributable to goodwill amortization. Accordingly, ceasing to periodically amortize goodwill beginning in 2002 reduced the Company's overall effective income tax rate as compared to 2001, partially offsetting the increased effective tax rate on foreign-source income.

Liquidity and Capital Resources

Consolidated cash flows

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities, are generally similar to the trends in the Company's earnings. Such cash flows totaled $14.5 million and $8.2 million in the first six months of 2001 and 2002, respectively, compared to net income of $6.4 million and $2.2 million, respectively.

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 $7.0 million and $7.5 million in the first six months of 2001 and 2002, respectively.

The capital expenditures for 2002 relate primarily to tooling costs at the Company's facilities and equipment additions designed to improve manufacturing efficiencies at the Company's security products and ergonomic and slide products facilities. Capital expenditures for 2002 are estimated at approximately $10 million to $13 million, the majority of which relate to projects that emphasize improved production efficiency and shifting production capacity to lower cost facilities. Firm purchase commitments for capital projects not commenced at June 30, 2002 approximated [$1.5] million.

Financing activities. Net cash provided (used) by financing activities totaled $2.0 million and ($22.8) million in the first six months of 2001 and 2002, respectively. The Company paid its regular quarterly dividend of $1.9 million, or $.125 per share, in the second quarter of 2002 ($3.8 million, or $.25 per share for the first six months of 2002). In addition, the Company used available cash on hand to reduce its outstanding debt by $19 million in June 2002.

CompX's board of directors has authorized CompX to purchase up to 1.5 million shares of its common stock in open market or privately-negotiated transactions over an unspecified period of time. Through June 30, 2002, the Company had purchased 1.1 million shares pursuant to such authorization for an aggregate of $11.3 million. None of such shares were purchased during 2002.

Management believes that cash generated from operations and borrowing availability under the Company's unsecured revolving bank credit facility ($70 million available for borrowing at June 30, 2002), together with cash on hand, will be sufficient to meet the Company's liquidity needs for working capital, capital expenditures, debt service and dividends for the foreseeable future. CompX expects to renew its existing revolving bank credit facility prior to its expiration in February 2003. There can be no assurance however, that such renewal will occur, or that the Company will be able to obtain comparable terms under the new credit facility.

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 has in the past and may in the future seek to raise additional capital, refinance or restructure indebtedness, issue additional securities, modify its dividend policy, repurchase shares of its common stock 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, divestitures, 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.

As provided by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, the Company cautions that the statements in this Quarterly Report on Form 10-Q relating to matters that are not historical facts are forward-looking statements that represent management's beliefs 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 Quarterly 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, changes in costs of raw materials and other operating costs (such as energy costs), 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 trade barriers, the impact of pricing and production decisions, fluctuations in the value of the U.S. dollar relative to other currencies (such as the euro, Canadian dollar and New Taiwan dollar), potential difficulties in integrating completed acquisitions, uncertainties associated with new product development, environmental matters (such as those requiring emission and discharge standards for existing and new facilities), government regulations and possible changes therein, possible future litigation, the ability of the Company to renew or obtain credit facilities 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 publicly or revise such statements whether as a result of new information, future events or otherwise.

Part II. OTHER INFORMATION

ITEM 4. Submission of Matters to a Vote of Security Holders.

The Company held its Annual Meeting of Stockholders on May 14, 2002. Paul M. Bass, Jr., David A. Bowers, Edward J. Hardin, Ann Manix, Glenn R. Simmons and Steven L. Watson were elected as directors, each receiving votes "For" their election from over 99% of the approximately 105.1 million votes eligible to be voted at the Annual Meeting.

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

10.1 Intercorporate Services Agreement between the Registrant and Contran Corporation effective as of January 1, 2002.

99.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended June 30, 2002.

None

SIGNATURES

Pursuant to the requirements 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.

(Registrant)

Date August 14, 2002

By /s/ Darryl R. Halbert

Darryl R. Halbert
Vice President and Controller
(Principal Financial and Accounting Officer)

Exhibit 10.1

INTERCORPORATE SERVICES AGREEMENT

This INTERCORPORATE SERVICES AGREEMENT (the "Agreement"), effective as of January 1, 2002, amends and supersedes the Intercorporate Services Agreement effective as of January 1, 2001 between CONTRAN CORPORATION, a Delaware corporation ("Contran"), and COMPX INTERNATIONAL INC., a Delaware corporation ("Recipient").

Recitals

A. Employees and agents of Contran and affiliates of Contran 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 Contran and affiliates of Contran and Contran 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. Contran agrees to make available to Recipient the following services (the "Services") to be rendered by the internal staff of Contran and affiliates of Contran:

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

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

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

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

(g) Certain administration and management services with respect to Recipient's insurance and risk management needs, including:

(i) management of claims (including insured and self-insured workers compensation and liability claims);

(ii) budgeting and related activities;

(iii) coordination of property loss control program; and

(iv) administration of Recipient's insurance program, excluding all employee benefit and welfare related programs; and

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

This Agreement does not apply to, and the Services provided for herein do not include, any services that Glenn R. Simmons or Steven L. Watson may provide to Recipient in their roles as members of Recipient's board of directors or any other activity related to such board of directors.

Section 2. Miscellaneous Services. It is the intent of the parties hereto that Contran 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 Contran assumes no liability for any expenses or services other than those stated in Section 1. In addition to the fee paid to Contran by Recipient for the Services provided pursuant to this Agreement, Recipient will pay to Contran the amount of out-of-pocket costs incurred by Contran in rendering such Services.

Section 3. Fee for Services. Recipient agrees to pay to Contran $414,500 quarterly on the first business day of each quarter, commencing as of January 1, 2002, 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, 2002 to December 31, 2002.

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 Contran 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, Contran shall have a duty to act, and to cause its agents to act, in a reasonably prudent manner, but neither Contran nor any officer, director, employee or agent of Contran 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 Contran.

Section 7. Indemnification of Contran by Recipient. Recipient shall indemnify and hold harmless Contran, 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 Contran or any such person may become subject arising out of the Services provided by Contran 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. Confidentiality. Except as otherwise required by applicable law, each of the parties agrees that it will maintain in confidence all confidential information regarding the other party supplied to it in the course of the performance of this Agreement.

Section 9. 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 10. Notices. All communications hereunder shall be in writing and shall be addressed, if intended for Contran, 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 Three Lincoln Centre, 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240, Attention: President, or such other address as it shall have furnished to Contran in writing.

Section 11. 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 12. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Contran 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 13. 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.

CONTRAN CORPORATION

By: /s/ Steven L. Watson

Steven L. Watson, President

COMPX INTERNATIONAL INC.

By: /s/ Stuart M. Bitting

Stuart M. Bitting, Vice President

Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CompX International Inc. (the Company) on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, David A. Bowers, Vice Chairman of the Board, President and Chief Operating Officer (Chief Executive Officer) of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ David A. Bowers

David A. Bowers
Vice Chairman of the Board, President and Chief Operating Officer
(Chief Executive Officer)
August 14, 2002

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CompX International Inc. (the Company) on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Darryl R. Halbert, Vice President and Controller (Chief Financial Officer) of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Darryl R. Halbert

Darryl R. Halbert
Vice President and Controller (Chief Financial Officer)
August 14, 2002