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, 2003

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.)
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

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 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

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.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No X

The aggregate market value of the 4.7 million shares of voting stock held by nonaffiliates of CompX International Inc. as of June 30, 2003 approximated $26.1 million.

As of January 30, 2004, 5,124,780 shares of Class A common stock were outstanding.

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 precision ball bearing slides, security products and ergonomic computer support systems used in office furniture, computer-related applications and a variety of other industries. The Company's products are principally designed for use in medium to high-end product applications, where design, quality and durability are critical to the Company's customers. The Company believes that it is among the world's largest producers of precision ball bearing slides, security products consisting of cabinet locks and other locking mechanisms and ergonomic computer support systems. In 2003, precision ball bearing slides, security products and ergonomic computer support systems accounted for approximately 45%, 37% and 14% of net sales, respectively. The remaining sales were generated from sales of other products.

Valhi, Inc. and Valhi's wholly-owned subsidiary Valcor, Inc. owned approximately 69% of the Company's outstanding common stock at December 31, 2003. At December 31, 2003, Contran Corporation held, directly or through subsidiaries, approximately 90% 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 is Chairman of the Board 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 to the Company. 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 security products producers. CompX acquired two more slide producers in 1999 and another security products producer in January 2000.

The Company maintains a website on the internet with the address of www.compxnet.com. Copies of this Annual Report on Form 10-K for the year ended December 31, 2003 and copies of the Company's Quarterly Reports on Form 10-Q for 2003 and 2004 and any Current Reports on Form 8-K for 2003 and 2004, and any amendments thereto, are or will be available free of charge as soon as reasonably practical after they are filed with the Securities and Exchange Commission ("SEC") at such website. The general public may also read and copy any materials the Company files with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549, and may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The Company is an electronic filer, and the SEC maintains an internet website at www.sec.gov that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

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 - "Quantitative and Qualitative Disclosures About Market Risk," 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," "expects" 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 materials filed with the Company's other filings with the SEC. While it is not possible to identify all factors, the Company continues to face many risks and uncertainties including, but not limited to, the following:

- 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,
- The ability to implement headcount reductions in a cost effective manner within the constraints of non-U.S. governmental regulations, and the timing and amount of any cost savings,
- Competitive products and prices, including increased competition from low-cost manufacturing sources (such as China),
- 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 or future acquisitions,
- Uncertainties associated with new product development,
- Environmental matters (such as those requiring emission and discharge standards for existing and new facilities),
- The ultimate outcome of income tax audits,
- The impact of current or future government regulations,
- 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 publicly or revise such statements whether as a result of new information, future events or otherwise.

Industry Overview

Historically, approximately three-fourths of the Company's products were sold to the office furniture manufacturing industry. As a result of strategic acquisitions in the security products industry in 1998 and 2000 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 57% 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 applications. Beginning in 2001 and continuing throughout 2003, the office furniture industry has experienced a contraction with consistently negative growth rates. Consequently, CompX's sales growth has been negatively affected. See Item 6 - "Selected Financial Data" and Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations." However, 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 and other non-office furniture markets result in the potential for higher rates of growth and diversification of risk than the office furniture industry as a whole.

Products

CompX manufactures and sells components in three major product lines: precision ball bearing slides, security products and ergonomic computer support systems.

Sales for the respective product lines in 2001, 2002 and 2003 are as follows:

	Years ended December 31		
	2001	2002	2003
	($ in thousands)		
Precision ball bearing slides	$ 91,822	$ 84,446	$ 92,816
Security products	74,071	73,358	76,155
Ergonomic computer support systems	36,383	29,945	28,102
Other products	9,146	8,352	10,470
	$211,422	$196,101	$207,543

The Company's precision ball bearing slides and ergonomic computer support systems are sold under the CompX Waterloo, Waterloo Furniture Components, Thomas Regout and Dynaslide brand names and the Company's security products are sold under the CompX Security Products, National Cabinet Lock, Fort Lock, Timberline Lock, Chicago Lock, STOCK LOCKS, KeSet and TuBar brand names. The Company believes that its brand names are well recognized in the industry.

Precision ball bearing slides. CompX manufactures a complete line of precision ball bearing slides for use in office furniture, computer-related equipment, tool storage cabinets, imaging equipment, file cabinets, desk drawers, automated teller machines, and other applications. These products include CompX's patented Integrated Slide Lock in which a file cabinet manufacturer can reduce the possibility of multiple drawers being opened at the same time, the adjustable patented Ball Lock which reduces the risk of heavily-filled drawers, such as auto mechanic tool boxes, from opening while in movement, and the Butterfly Take Apart System, which is designed to easily disengage drawers from cabinets. Precision ball bearing slides are manufactured to stringent industry standards and are designed in conjunction with original equipment manufacturers ("OEMs") to meet the needs of end users with respect to weight support capabilities, ease of movement and durability.

Security products. The Company believes that it is a North American market leader in the manufacture and sale of cabinet locks and other locking mechanisms. CompX provides security products to various industries including institutional furniture, banking, industrial equipment, vehicles, vending and computer. The Company's products can also be found in various applications including ignition systems, office furniture, vending and gaming machines, parking meters, electrical circuit panels, storage compartments, security devices for laptop and desktop computers as well as mechanical and electronic locks for the toolbox industry. Some of these products may include CompX's KeSet high security system, which has the ability to change the keying on a single lock 64 times without removing the lock from its enclosure and its patented high security TuBar locking system.

The Company manufactures disc tumbler locking mechanisms at all of its security products facilities, which mechanisms provide moderate security and generally represent the lowest cost lock to produce. CompX also manufactures pin tumbler locking mechanisms, including its KeSet, ACE II and TuBar brand locks, which mechanisms are more costly to produce and are used in applications requiring higher levels of security. A substantial portion of the Company's sales consist of products with specialized adaptations to individual manufacturers' specifications. CompX, however, also has a standardized product line suitable for many customers. This standardized product line is offered through a North American distribution network through the Company's STOCK LOCKS distribution program as well as to factory centers and to large OEMs.

Ergonomic computer support systems. CompX is a leading manufacturer and innovator in ergonomic computer support systems and accessories. Unlike similar products targeting the residential market, which are 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.

Ergonomic computer support systems include articulating computer keyboard support arms (designed to attach to desks in the workplace and home office environments to alleviate possible strains and stress and maximize usable workspace), CPU storage devices (which minimize adverse effects of dust and moisture) and a number of complementary accessories, including ergonomic wrist rest aids, mouse pad supports and computer monitor support arms. These products include CompX's Leverlock, which is designed to make the adjustment of an ergonomic keyboard arm easier. In addition, the Company offers its engineering and design capabilities for the design and manufacture of products on a proprietary basis for key customers.

Other. CompX also manufactures, markets, and/or distributes a complete line of window furnishings hardware in European markets in addition to other furniture products.

Sales, Marketing and Distribution

CompX sells components to OEMs and to distributors through a dedicated 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 field salespeople and independent manufacturers' representatives. Manufacturers' representatives are selected based on special skills in certain markets or relationships 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. The Company also operates a small tractor/trailer fleet associated with its Canadian facilities to provide an industry-unique service response to major customers.

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 2001, 2002 and 2003, sales to the Company's ten largest customers accounted for approximately 36%, 30% and 38% of sales, respectively. In 2001, 2002 and 2003, sales to the Company's largest customer were less than 10% of the Company's total sales. In 2001, 2002 and 2003, eight of the Company's top ten customers were located in the United States.

Manufacturing and Operations

At December 31, 2003, CompX operated eight manufacturing facilities: five in North America (two in Illinois and one in each of Canada, South Carolina and Michigan), one in the Netherlands and two in Taiwan. Precision ball bearing slides are manufactured in the facilities located in Canada, the Netherlands, Michigan and Taiwan. Security products are manufactured in the facilities located in South Carolina and Illinois. Ergonomic products are manufactured in the facility located in Canada. The Company owns all of these facilities except for one of the Taiwan facilities and the Netherlands facility, which are leased. See also Item 2 - "Properties." CompX also leases a distribution center in California and a warehouse in Taiwan. CompX believes that all of 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 and zinc 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 that the specified minimum monthly purchase quantities are met. Materials purchased outside of these arrangements are sometimes subject to unanticipated and sudden price increases such as rapidly increasing worldwide steel prices in 2002 and 2003. 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. Consequently, overall operating margins can be affected by such raw material cost pressures.

Competition

The markets in which CompX participates are highly competitive. The Company competes primarily on the basis of product design, including ergonomic and aesthetic factors, product quality and durability, price, on-time delivery, 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 Company competes in the precision ball bearing slide market primarily on the basis of product quality and price with two large manufacturers and a number of smaller domestic and foreign manufacturers. The Company's security products compete with a variety of relatively small domestic and foreign competitors. The Company competes in the ergonomic computer support systems market primarily on the basis of product quality, features and price with one major producer and a number of smaller domestic manufacturers and primarily on the basis of price with a number of foreign manufacturers. Although the Company believes that it has been able to compete successfully in its markets to date, price competition from foreign-sourced product has intensified in the current economic market and there can be no assurance that the Company will be able to continue to successfully compete in all existing markets in the future.

Patents and Trademarks

The Company 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 CompX, CompX Security Products, CompX Waterloo, National Cabinet Lock, KeSet, Fort Lock, Timberline Lock, Chicago Lock, ACE II, 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 CompX 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/or ergonomic product operations in Canada, the Netherlands and Taiwan. The majority of the Company's 2003 non-U.S. sales are to customers located in Canada and Europe. Foreign operations are subject to, among other things, currency exchange rate fluctuations. 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," 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 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, 2003, the Company employed approximately 1,700 employees, including 655 in the United States, 570 in Canada, 300 in the Netherlands and 175 in Taiwan. Approximately 77% of the Company's employees in Canada are represented by a labor union covered by a collective bargaining agreement which provides for annual wage increases from 1% to 2.5% over the life of the contract. Wage increases for these Canadian employees historically have also been in line with overall inflation indices. The collective bargaining agreement expires in January 2006. The Company believes that its labor relations are satisfactory.

ITEM 2. PROPERTIES

The Company's principal executive offices are located in approximately 1,000 square feet of leased space at 5430 LBJ Freeway, Dallas, Texas 75240. The following table sets forth the location, size, business operating segment and general product types produced for each of the Company's facilities.

Facility Name	Business Segment	Location	Size (square feet)	Products Produced
Owned Facilities:				
Manitou	CW	Kitchener, Ontario	276,000	Slides/ergonomic products
Trillium	CW	Kitchener, Ontario	110,000	N/A
Byron Center	CW	Byron Center, MI	143,000	Slides
National	CSP	Mauldin, SC	198,000	Security products
Fort	CSP	River Grove, IL	100,000	Security products
Timberline	CSP	Lake Bluff, IL	16,000	Security products
Dynaslide	CW	Taipei, Taiwan	48,000	Slides
Leased Facilities:				
Thomas Regout	TR	Maastricht, the Netherlands	270,000	Slides
Dynaslide	CW	Taipei, Taiwan	25,000	Slides
Dynaslide	CW	Taipei, Taiwan	11,000	Product distribution/ Warehouse
Distribution Center	CSP	Rancho Cucamonga, CA	12,000	Product distribution

CW - CompX Waterloo business segment
TR - Thomas Regout business segment
CSP - CompX Security Products business segment

The Manitou, Thomas Regout, Byron Center, National and Fort facilities are ISO-9001 registered. The Dynaslide-owned facility is ISO-9002 registered. The Company believes that all its facilities are well maintained and satisfactory for their intended purposes. The Trillum facility is held for sale.

A sale/leaseback transaction was executed on the Netherlands facility with the municipality of Maastricht in December 2001. See Note 10 to the Consolidated Financial Statements and see also Item 7 - "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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 material 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, 2003.

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 January 30, 2004, there were approximately 26 holders of record of CompX Class A common stock. The following table sets forth the high and low closing sales prices per share for CompX Class A common stock for 2002 and 2003 and dividends paid per share during such periods. On January 30, 2004 the closing price per share of CompX Class A common stock was $7.53.

	High	Low	Dividends paid
Year ended December 31, 2002			
First Quarter	$14.00	$11.00	$.125
Second Quarter	14.40	11.72	.125
Third Quarter	14.00	8.78	.125
Fourth Quarter	9.55	7.61	.125
Year ended December 31, 2003			
First Quarter	$ 8.38	$ 5.93	$.125
Second Quarter	6.39	4.95	-
Third Quarter	6.90	5.11	-
Fourth Quarter	7.10	5.80	-

The Company suspended its regular quarterly dividend during the second quarter of 2003. The declaration and payment of future dividends and the amount thereof, if any, 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.

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 1999 through 2003 consisted of a 52-week year. 2004 will be a 53-week year.

	Years ended December 31,				
	1999	2000	2001	2002	2003
	($ in millions, except per share data)				
Income Statement Data					
Net sales	$225.9	$253.3	$211.4	$196.1	$207.5
Operating income	$ 40.0	$ 37.3	$ 12.5	$ 6.2	$ 4.1
Income before income taxes and minority interest	$ 39.2	$ 35.5	$ 12.9	$ 3.4	$ 2.3
Income taxes	14.1	13.4	5.8	2.8	1.0
Minority interest in losses	(.1)	-	-	-	-
Net income	$ 25.2	$ 22.1	$ 7.1	$ .6	$ 1.3
Net income per basic and diluted share	$ 1.56	$ 1.37	$ .47	$ .04	$ .08
Cash dividends per share	$ .125	$ .50	$ .50	$ .50	$ .125
Weighted average common shares outstanding	16.1	16.1	15.1	15.1	15.1
Balance Sheet Data (at year end):					
Cash and other current assets	$ 72.5	$ 83.0	$ 94.9	$ 71.3	$ 80.2
Total assets	200.4	223.7	222.9	200.1	209.5
Current liabilities	26.8	28.9	24.5	22.2	24.5

Long-term debt, including current maturities	22.3	40.6	49.1	31.0	26.0
Stockholders' equity	149.4	151.0	143.0	142.0	154.4

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

Executive Summary

The Company reported net income of $1.3 million, or $.08 per diluted share, in 2003 compared to net income of $.6 million, or $.04 per diluted share, in 2002 and $7.1 million, or $.47 per diluted share, in 2001. As more fully described below, the Company's diluted earnings per share increased from 2002 to 2003 due primarily to the net effects of (i) lower operating income in 2003, (ii) lower interest expense in 2003 and (iii) a lower effective income tax rate in 2003. The Company's diluted earnings per share decreased from 2001 to 2002 due primarily to the net effects of (i) lower operating income in 2002, (ii) a gain on the sale of a plant facility in 2001, (iii) lower interest expense in 2002 and (iv) a higher effective income tax rate in 2002.

Fluctuations in currency exchange rates as compared to the prior year positively impacted sales by $8.9 million but negatively impacted cost of goods sold by $10.9 million and operating profit by $3.8 million. The impact on net sales is primarily due to the weakening U.S. dollar in relation to the euro and Canadian dollar. The impact on operating income is primarily from the Company's Canadian operations, where the majority of net sales are denominated in U.S. dollars while the majority of expenses are denominated in Canadian dollars. Fluctuations in foreign currency exchange rates did not significantly affect the Company's results in 2002 as compared to 2001.

CompX is continuing its focus on opportunities to improve its cost structure.

- In the fourth quarter of 2002, the Company retooled its Byron Center, Michigan precision slide facility to improve the efficiency of manufacturing several product lines. The Company began to realize the favorable benefit of this retooling in its operating results in the first quarter of 2003, and expects the improvement will continue during 2004 resulting from higher volumes and improved manufacturing efficiency.
- In the first half of 2003, the Company consolidated its two Canadian plants into a single facility. The Company began to realize the favorable benefit of this consolidation and resulting reduced cost structure in its operating results in the fourth quarter of 2003.
- During the third quarter of 2003, CompX initiated a restructuring of its Regout subsidiary in Europe and incurred a $3.3 million charge. The Company expects to begin realizing the favorable benefits from restructuring actions in its operating results by the second quarter of 2004.

Cash provided by operating activities improved to $24.4 million in 2003 from $16.9 million in 2002. Working capital management was a significant contributor to the improvement in cash flow. Specifically, the Company continues to implement lean manufacturing initiatives which have reduced days in inventory from 63 at the beginning of 2003 to 52 at the end of the year, resulting in a positive cash flow from inventory of $5.1 million. This along with other measures have enabled the Company to pay down $5 million of debt in 2003 and an additional $12 million in January 2004.

Critical Accounting Policies and Estimates

The accompanying "Management's Discussion and Analysis of Financial Condition and Results of Operations" are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements requires the Company to make estimates and judgments 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 reported period. On an on-going basis, the Company evaluates its estimates, including those related to bad debts, inventory reserves, the recoverability of other long-lived assets (including goodwill and other intangible assets) and the realization of deferred income tax assets. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from previously-estimated amounts under different assumptions or conditions.

The Company believes the critical financial statement judgment risks of its business are attributable to four primary areas:

- Will customer accounts receivable on the books be collected at full book value?
- Will inventory on hand be sold with a sufficient mark up to cover the cost to produce and ship the product?
- Will future cash flows of the Company be sufficient to recover the net book value of long-lived assets?
- Will future taxable income be sufficient to utilize recorded deferred income tax assets?

The Company believes the following critical accounting policies affect its more significant judgments and estimates, as noted above, used in the preparation of its consolidated financial statements and are applicable to all of the Company's operating segments:

- Allowance for uncollectible accounts receivable. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. The Company takes into consideration the current financial condition of the customers, the age of outstanding balances and the current economic environment when assessing the adequacy of the allowances. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, increased allowances may be required.
- Inventory reserves. The Company provides reserves for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated net realizable value using assumptions about future demand for its products and market conditions. The Company also considers the age and the quantity of inventory on hand in estimating the reserve. If actual market conditions are less favorable than those projected by management, increased inventory reserves may be required.
- Net book value of long-lived assets. The Company recognizes an impairment charge associated with its long-lived assets, including property and equipment, goodwill and other intangible assets, whenever it determines that recovery of the long-lived asset is not probable. The determination is made in accordance with applicable GAAP requirements associated with the long-lived asset, and is based upon, among other things, estimates of the amount of future net cash flows to be generated by the long-lived asset and estimates of the current fair value of the asset. Adverse changes in estimates of future net cash flows or estimates of fair value could result in an inability to recover the carrying value of the long-lived asset, thereby possibly requiring an impairment charge to be recognized in the future.

  Under applicable GAAP (SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets), property and equipment is not assessed for impairment unless certain impairment indicators, as defined, are present. During 2003, impairment indicators were present only with respect to the Company's Thomas Regout B.V. operations. The Company completed an impairment review of such net property and equipment and related net assets as of September 30, 2003. Such analysis indicated no impairment was present as the estimated future undiscounted cash flows associated with such segment exceeded the carrying value of such segment's net assets. Significant judgment is required in estimating such undiscounted cash flows. Such estimated cash flows are inherently uncertain, and there can be no assurance that such operations will achieve the future cash flows reflected in its projections.

  Based on the Company's latest annual impairment review of goodwill of the reporting units during the third quarter of 2003, no goodwill impairments were deemed to exist. Based on this review, the estimated fair value of the CompX Security Products segment exceeded the net carrying value by 110%, CompX Waterloo by 133%, and Thomas Regout by 14%. See Notes 1 and 4 to the Consolidated Financial Statements. The estimated fair value of these three reporting units are determined based on discounted cash flow projections. Significant judgment is required in estimating such cash flows. Such estimated cash flows are inherently uncertain, and there can be no assurance that such operations will achieve the future cash flows reflected in its projections. In addition to its internal cash flow projections, the Company used a third-party valuation specialist in reviewing the net assets of its Thomas Regout B.V. operations, including goodwill and net property and equipment, for impairment.

o Deferred income tax assets. The Company records a valuation allowance to reduce its deferred income tax assets to the amount that is believed to be realizable under the "more-likely-than-not" recognition criteria. The Company has considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for a valuation allowance. It is possible that in the future the Company may change its estimate of the amount of the deferred income tax assets that would "more-likely-than-not" be realized. This would result in an adjustment to the deferred income tax asset valuation allowance that would either increase or decrease, as applicable, reported net income in the period the change in estimate is made.

Results of Operations

The Company's operating segments are defined as components of its operations about which separate financial information is available that is regularly evaluated by the chief operating decision maker in determining how to allocate resources and in assessing performance. The Company has three operating segments - CompX Security Products, CompX Waterloo and Thomas Regout. The CompX Security Products segment, with manufacturing facilities in South Carolina and Illinois, manufactures locking mechanisms and other security products for sale to the office furniture, banking, vending, computer and other industries. The CompX Waterloo segment, with facilities in Canada, Michigan and Taiwan, and the Thomas Regout segment, with facilities in the Netherlands, both manufacture and distribute a complete line of precision ball bearing slides for use in office furniture, computer-related equipment, tool storage cabinets and other applications. Additionally, the CompX Waterloo segment manufactures and distributes ergonomic computer support systems for office furniture. Historically, the Company has aggregated the CompX Waterloo and Thomas Regout operating segments into a single reportable segment because of similar economic characteristics, products, customer types, production processes, and distribution methods. Due to the continued weakness in the European office furniture market and the divergence in operating income between the two segments, the Company has determined that these two segments no longer have similar economic characteristics, and accordingly the Company no longer aggregates the CompX Waterloo and Thomas Regout operating segments. Aggregated segment amounts reported for CompX Waterloo/Thomas Regout in previous periods have been reclassified to conform to the current presentation. Intersegment sales are intercompany shipments from Thomas Regout to CompX Waterloo.

Net sales and operating income

	Years ended December 31,			% Change	
	2001	2002	2003	2001 - 2002	2002 - 2003
		(In millions)			
Net sales:					
CompX Waterloo	$105.1	$ 93.1	$ 97.5	-11%	5%
CompX Security Products	74.1	73.4	76.2	-1%	4%
Thomas Regout	33.3	31.2	35.3	-6%	13%
Intersegment sales	(1.1)	(1.6)	(1.5)	45%	-6%
Total net sales	$211.4	$196.1	$207.5	-7%	6%

Operating income (loss):					
CompX Waterloo	$ 8.6	$ (1.2)	$ .4	-114%	n.m.
CompX Security Products	7.3	8.1	9.7	10%	21%
Thomas Regout	(3.4)	(0.7)	(6.0)	80%	n.m.
Total operating income	$ 12.5	$ 6.2	$ 4.1	-50%	-34%
Operating income (loss) margin:					
CompX Waterloo	8%	-1%	0%		
CompX Security Products	10%	11%	13%		
Thomas Regout	-10%	-2%	-17%		
Total operating income margin	6%	3%	2%		

n.m. - not meaningful

Year ended December 31, 2003 compared to year ended December 31, 2002

Currency. CompX has substantial operations and assets located outside the United States (in Canada, the Netherlands and Taiwan). 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, a portion of CompX's sales generated from its non-U.S. operations (principally in Canada) 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 values 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. The effects of fluctuations in currency exchange rates affect the CompX Waterloo and Thomas Regout segments, and do not materially affect the CompX Security Products segment. During 2003, currency exchange rate fluctuations of the Canadian dollar and the euro positively impacted the Company's sales comparisons with 2002 (principally with respect to slide products), and negatively impacted the Company's operating income comparisons.

Net sales were positively impacted while operating income was negatively impacted by currency exchange rates in the following amounts by segment as compared to the currency exchange rates in effect during 2002:

	CompX Waterloo	CompX Security Products	Thomas Regout	Total
Impact on net sales	$ 3,275	$ -	$5,600	$ 8,875
Impact on operating income	(3,057)	-	(754)	(3,811)

Net Sales. Net sales increased $11.4 million, or 6%, in 2003 compared to 2002 principally due to the strengthening of the euro and Canadian dollar in relation to the U.S. dollar, combined with a strong fourth quarter for Security Products. In addition to the favorable impact of changes in foreign currency exchange rates, net sales increased in 2003 as compared to 2002 due to higher sales volumes of security products, and precision slide products in North America partially offset by lower sales volumes of ergonomic products and lower sales volumes of precision slide products in Europe.

Net sales of slide products in 2003 increased 10% as compared to 2002, while net sales of security products increased 4% and net sales of ergonomic products decreased 6% during the same period. The percentage changes in slide and ergonomic products includes the impact resulting from changes in foreign currency exchange rates. Sales of security products are generally denominated in U.S. dollars.

Costs of Goods Sold. The Company's cost of goods sold increased 6% in 2003 compared to 2002 in line with the increase in net sales during the same period. Cost of goods sold as a percent of net sales was even with 2002 as cost improvement initiatives, such as improving facility efficiency, offset expenses of approximately $900,000 to consolidate the two Kitchener, Ontario plants into a single facility during 2003, the negative impact of the aforementioned changes in currency exchange rates and increases in the cost of steel, the primary raw material for the Company's products.

Selling, general and administrative expense. Selling, general and administrative expenses consists primarily of salaries, commissions and advertising expenses directly related to product sales. As a percentage of net sales, selling, general and administrative expense declined slightly from 14% of net sales in 2002 to 13% in 2003.

2003 Restructuring Charge. Due to continued operating losses at the Company's Thomas Regout subsidiary in Europe resulting from the continued downturn in the European office furniture market, the Company commenced a strategic analysis of the Thomas Regout segment during the third quarter of 2003. As part of the ongoing analysis of these operations, the Company determined that it should significantly reduce headcount in the operations in order to be competitive. Prior to the end of September, the Company finalized and communicated to the employees a restructuring plan detailing the cost to terminate approximately 100 employees, and accordingly the Company has recognized a $3.3 million restructuring charge related to the headcount reduction. The $3.3 million represents severance to be paid to the terminated employees, which is expected to be paid through the end of the second quarter of 2004. The Company expects the restructuring to result in annual cost savings of approximately $3.5 million to $4 million which is expected to begin to positively impact financial results in the second quarter of 2004.

2002 Charges. The Company recorded a pre-tax charge in the fourth quarter of 2002 of $1.6 million, the majority of which was non-cash in nature. The fourth quarter 2002 charge relates to a retooling of the Company's precision slide manufacturing facility in Byron Center, Michigan and includes a $1.0 million loss on disposal of equipment, reflected in other general corporate income (expense), net in the consolidated statements of income. The remainder of the charge is reflected in cost of goods sold. An additional fourth quarter pre-tax charge of approximately $1.9 million was recorded to cost of goods sold to adjust for various changes in estimates with respect to obsolete and slow-moving inventory, inventory overhead absorption rates and other items. Approximately $1.3 million of this charge related to the CompX Waterloo segment with the remaining $.6 million relating to the CompX Security Products segment.

Operating Income. Operating income for 2003 decreased $2.1 million, or 34% compared to 2002 and operating margins decreased to 2% in 2003 compared to 3% for 2002. Continued reductions in manufacturing, fixed overhead and other overhead costs combined with the impact of the fourth quarter 2002 charge partially offset the effects of the changes in currency exchange rates, changes in product mix, the cost of the European restructuring, and increases in certain raw material costs (primarily steel).

Year ended December 31, 2002 compared to year ended December 31, 2001

Currency. The effect of changes in currency exchange rates from 2001 to 2002 was not material to sales or operating income of the Company or any of its segments.

Net Sales. Net sales decreased $15.3 million, or 7%, in 2002 compared to 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 in 2002 decreased 8% as compared to 2001, while net sales of security products decreased 1% and net sales of ergonomic products decreased 18% during the same period.

Cost of Goods Sold. The Company's cost of goods sold decreased only 3% in 2002 compared to 2001 despite the 7% decrease in net sales during the same period. Therefore, the Company's gross margin percentage decreased significantly from 21% in 2001 to 17% in 2002. The disproportionate change in cost of goods sold and its effect on gross margins was primarily due to lower revenues from sales of slide and ergonomic products and the resulting impact of spreading fixed factory costs over lower volume. In addition, steel cost increases following the steel tariff imposed by the United States government increased the Company's raw material cost, most of which was not immediately recoverable through sales price increases in 2002. Such steel cost increases resulted in additional 2002 raw material costs to CompX of approximately $1.2 million compared to 2001 steel raw material pricing. The CompX Waterloo segment was most significantly impacted by the steel cost increases, while the effects on the CompX Security Products segment were minimal.

Selling, general and administrative expense. Selling, general and administrative expense consists primarily of salaries, commissions and advertising expenses directly related to product sales. As a percentage of net sales, selling, general and administrative expense was 13% in 2001 and 14% in 2002.

2001 Charges. In the fourth quarter of 2001, the Company incurred a $2.7 million charge for headcount reductions of about 35 employees in CompX's European operations substantially all of which had been implemented by December 31, 2001. Of the $2.7 million charge, as adjusted for changes in currency exchange rates, approximately $.4 million was paid in 2001, $2.0 million was paid in 2002 and $.6 million was paid in January 2003. In addition, approximately $3.0 million in pre-tax charges were recorded in the fourth quarter of 2001. These charges are predominately comprised of $2.6 million related to various changes in estimates with respect to reserves for obsolete and slow-moving inventory, approximately $.1 million related to allowances for doubtful accounts, with the remainder related to other items. Of the $3.0 million charges, approximately $2.1 million related to the CompX Security Products segment, $750,000 related to the CompX Waterloo segment, and $150,000 related to the Thomas Regout segment.

Operating Income. Operating income for 2002 decreased $6.3 million, or 50% compared to 2001 and operating margins decreased to 3% in 2002 compared to 6% for 2001. Continued reductions in manufacturing, fixed overhead and other overhead costs partially offset the effects of the decline in net sales in 2002 and the impact of the fourth quarter 2002 charge previously discussed. However, operating margins in 2002 continued to be adversely impacted by the decline in volume levels, unfavorable changes in the sales mix, increases in certain raw material costs (primarily steel) and general competitive pricing pressures.

Through December 31, 2001, goodwill was amortized by the straight-line method over not more than 20 years. Upon adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002, goodwill is no longer subject to periodic amortization. The Company would have reported operating income of approximately $14.7 million in 2001 if the goodwill amortization included in the Company's reported operating income had not been recognized.

General

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 labor costs and raw materials such as zinc, copper, coiled steel and plastic resins. Raw material costs represent approximately 48% of the Company's total cost of sales. During 2002 and 2003, worldwide steel prices increased following the steel tariff imposed by the United States government. 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 to a certain extent, provided the specified minimum monthly purchase quantities are met. The Company enters into such arrangements for zinc, coiled steel and plastic resins and anticipates further significant changes in the cost of these materials, primarily coiled steel, from their current levels for the next year. 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. Consequently, overall operating margins may be affected by such raw material cost pressures.

Other general corporate income (expense), net

As summarized in Note 11 to the Consolidated Financial Statements, "other general corporate income (expense), net" primarily includes interest income, losses on disposal of property and equipment and net foreign currency transaction gain and loss. In 2002, loss on disposal of property and equipment included approximately $1.0 million related to the retooling of the Company's precision slide manufacturing facility in Byron Center, Michigan. The remainder of the pre-tax charge, $.6 million, is reflected in cost of goods sold and related to the cost of moving and installing machinery and equipment as well as the disposal of obsolete inventory. Interest income decreased in 2002 compared to 2001 due primarily to lower interest rates earned on funds available for investment combined with a lower level of funds available for investment. In 2001, a curtailment gain of approximately $.1 million was included in other general corporate income, net. This curtailment gain, more fully described in Note 7 to the Consolidated Financial Statements, relates to the cessation of benefits provided under CompX's defined benefit plan which covered substantially all full-time employees of Thomas Regout International B.V. As of December 31, 2001, certain obligations related to the terminated plan had not yet been fully settled and are reflected in accrued pension costs. In 2002, such obligations were settled and the Company reported a $.7 million settlement gain.

Interest expense

Interest expense declined $.6 million in 2003 compared to 2002 due primarily to lower average levels of borrowing on CompX's revolving bank credit facility, partially offset by higher interest rates. Interest expense declined $1.0 million in 2002 compared to 2001 due to lower average interest rates and lower levels of outstanding indebtedness. Interest expense in 2004 is expected to be lower compared to 2003 due to the reduction in the outstanding indebtedness.

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 (country 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. Net income in 2002 was negatively impacted by an increase in the effective income tax rate primarily as a result of lower income levels and an increased proportion of foreign-sourced dividend income taxed at a higher effective tax rate.

As discussed in Note 1 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 resulted in a reduction in the Company's overall effective income tax rate in 2002 as compared to 2001, partially offsetting the increased effective tax rate on foreign-sourced income.

Other

Reflected in the 2001 results of operations is a $2.2 million gain on the sale/leaseback of the Company's manufacturing facility in the Netherlands, which is discussed more fully below and in Note 10 to the Consolidated Financial Statements.

Related party transactions

CompX is a party to certain transactions with related parties. See Note 12 to the Consolidated Financial Statements.

Outlook

The Company expects that weak market conditions will continue in the office furniture market, the primary end-market for the Company's products, during 2004. While the Business and Institutional Furniture Manufacturer's Association (BIFMA) International has predicted a 6% growth in furniture shipments for 2004, the total volume of shipments is expected to be 33% below the highest annual volume set in 2000. If the prediction is correct, 2004 would be the first year of office furniture industry growth since 2000. However, competitive pricing pressures are expected to continue to be a challenge as foreign manufacturing, particularly in China, gains market share. The Company expects steel prices to continue to rise in 2004 as much as 20% to 30%, or more. The Company has initiated price increases on certain of its products and will continue to focus on cost improvement initiatives, utilizing lean manufacturing techniques 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 with additional focus on sales of the Company's higher-margin ergonomic computer support systems to improve operating results. The Company currently expects to realize annual cost savings of $3.5 to $4 million as the result of the current Thomas Regout headcount reduction. However, the Company continues with its ongoing strategic analysis of the operations, and additional actions could be taken in the future that could result in charges for asset impairment, including goodwill, and other costs in future periods. These actions, along with other activities to eliminate excess capacity, are designed to position the Company to more effectively concentrate on both new product and new customer opportunities to improve Company profitability.

Liquidity and Capital Resources

Summary.

The Company's primary source of liquidity on an ongoing basis is its cash flow from operating activities, which is generally used to (i) fund capital expenditures, (ii) repay short-term indebtedness incurred primarily for working capital purposes and (iii) provide for the payment of dividends (if declared). From time-to-time, the Company will incur indebtedness, primarily for short-term working capital needs or to fund capital expenditures. From time-to-time, the Company may also sell assets outside the ordinary course of business, the proceeds of which are generally used to repay indebtedness (including indebtedness which may have been collateralized by the assets sold) or to fund capital expenditures.

At December 31, 2003, the Company's indebtedness aggregated $26 million, all of which matures in January 2006. In January 2004, the Company repaid $12 million of such indebtedness, using available funds on hand. Because the maturity date of the indebtedness isn't until 2006, the Company does not expect it will be required to use any of its cash flow from operating activities generated during 2004 to repay indebtedness, although it may chose to do so.

Cash provided by operating activities improved to $24.4 million in 2003 from $16.9 million in 2002. Working capital management was a significant contributor to the improvement in cash flow. Specifically, the Company continues to implement lean manufacturing initiatives which have reduced days in inventory from 63 at the beginning of 2003 to 52 at the end of the year, resulting in a positive cash flow from inventory of $5.1 million. This along with other measures have enabled the Company to pay down $5 million of debt in 2003 and an additional $12 million in January 2004.

Consolidated cash flows

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities, for 2001, 2002 and 2003 have generally been similar to the trend in the Company's earnings. Depreciation and amortization expense increased in 2003 compared to 2002 due to an increased amount of assets put into service over the past year and a half relating to specific customer volume combined with the impact of changes in currency exchange rates but decreased in 2002 compared to 2001 due primarily to the cessation of amortization of goodwill. See Notes 1 and 4.

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. However, year-to-year relative changes in assets and liabilities can significantly affect the comparability of cash flows from operating activities. In 2001, accounts receivable, inventory, and accounts payable all declined as a result of the decline in sales volume. In 2002, the declines in accounts receivable and accounts payable are again the result of the lower sales volumes, but the inventory decrease is relatively more significant as the Company began to realize some of the benefit of its lean manufacturing initiatives. For 2003, the increase in sales volumes resulted in higher accounts receivable and accounts payable balances while the Company continued to actively reduce inventory levels.

Investing activities. Net cash used by investing activities totaled $2.7 million, $12.7 million, and $8.2 million for the years ended December 31, 2001, 2002 and 2003, respectively. In 2001, $10.0 million in cash was provided from the sale/leaseback of the Company's plant facility in the Netherlands. 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. Capital expenditures in 2001 through 2003 relate primarily to general equipment upgrades, modernization, and capacity increases relating to specific customer volume.

Pursuant to the sale/leaseback of the Company's plant facility in Maastricht, the Netherlands, CompX sold the manufacturing facility for $10.0 million cash consideration in December 2001, and CompX simultaneously entered into a leaseback of the facility with a nominal monthly rental for between 36 and 48 months depending on when the alternative location has cleared all regulatory hurdles. See Note 10 to the Consolidated Financial Statements. Pursuant to the agreement, CompX is also obligated to acquire up to 10 acres from the municipality for approximately $2.5 million within the next four years. Acquisition at this property is subject to the municipality meeting certain conditions which have not yet been met.

Capital expenditures for 2004 are estimated at approximately $11 million, the majority of which relate to projects that emphasize improved production efficiency. Firm purchase commitments for capital projects in process at December 31, 2003 approximated $.6 million.

Financing activities. Net cash used by financing activities totaled $1.8 million, $25.5 million, and $7.3 million in 2001, 2002 and 2003, respectively. Total cash dividends paid in each of 2001 and 2002 were $7.6 million ($.50 per share) and in 2003 was $1.9 million ($.125 per share). The Company suspended its regular quarterly dividend in the second quarter of 2003. The Company borrowed a net $8.4 million under its revolving bank credit facility in 2001, and repaid a net $18.1 million and $5.0 million under such facility during 2002 and 2003, respectively. In addition, in January 2004 the Company further reduced the outstanding balance under the revolving bank credit facility by $12 million.

The Company's $47.5 million secured revolving bank credit facility is collateralized by substantially all of the Company's United States assets and at least 65% of the ownership interests in the Company's first-tier non-United States subsidiaries. Provisions contained in the Revolving Bank Credit Agreement could result in the acceleration of the indebtedness prior to its stated maturity for reasons other than defaults from failing to comply with typical financial covenants. For example, the Company's Credit Agreement allows the lender to accelerate the maturity of the indebtedness upon a change of control (as defined) of the borrower. The terms of the Credit Agreement could result in the acceleration of all or a portion of the indebtedness following a sale of assets outside of the ordinary course of business. See Note 6 to the Consolidated Financial Statements. Other than certain operating leases discussed in Note 13 to the Consolidated Financial Statements, neither CompX nor any of its subsidiaries or affiliates are parties to any off-balance sheet financing arrangements.

Other

Management believes that cash generated from operations and borrowing availability under the Credit Agreement, together with cash on hand, will be sufficient to meet the Company's liquidity needs for working capital, capital expenditures and debt service. To the extent that the Company's actual operating results or other developments differ from the Company's expectations, CompX's liquidity could be adversely affected.

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, dividend policy 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, repurchase shares of its common stock, 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.

Contractual obligations. As more fully described in the notes to the Consolidated Financial Statements, the Company is obligated to make future payments under certain debt and lease agreements, and is a party to other commitments. The following table summarizes these obligations as of December 31, 2003.

Payments due by period		
Less than	1 - 3	4 - 5

	Total	1 year	years	years
		(In thousands)		
Long-term debt	$26,000	$ -	$26,000	$ -
Capital lease obligations and other	-	-	-	-
Operating leases	2,072	851	1,049	172
Purchase obligations	11,763	11,435	328	-
Fixed asset acquisitions	3,070	570	-	2,500
Total contractual cash obligations	$42,905	$12,856	$27,377	$ 2,672

The purchase obligations consist of all open purchase orders and contractual obligations, primarily commitments to purchase raw materials. Fixed asset acquisitions include firm purchase commitments for capital projects and the obligation to purchase up to 10 acres from the municipality of Maastricht within the next four years.

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 periodically uses currency forward contracts to manage a portion of foreign exchange rate risk associated with receivables, or similar exchange rate risk associated with future sales, denominated in a currency other than the holder's functional currency. 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, 2002 and 2003. See Note 1 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, 2002 and 2003, substantially all of the Company's outstanding indebtedness were variable rate borrowings. Such borrowings at December 31, 2003 related principally to $26 million ($31 million at December 31, 2002) in borrowings under the Company's secured Revolving Bank Credit Agreement. The outstanding balances at December 31, 2002 and 2003 (which approximate fair value) had a weighted-average interest rate of 2.5% and 3.2%, respectively. Amounts outstanding under the credit facility are due in January 2006. The remaining indebtedness outstanding at December 31, 2002 and 2003 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 outside the United States (principally Canada, Western Europe and Taiwan). 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, a portion of CompX's sales generated from its non-U.S. operations (principally in Canada) 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.

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 receivables, or similar exchange rate risk associated with future sales, at December 31, 2003 CompX held a series of short-term forward exchange contracts maturing through February 2004 to exchange an aggregate of $4.2 million for an equivalent amount of Canadian dollars at exchange rates of Cdn. $1.30 to Cdn. 1.33 per U.S. dollar. At each balance sheet date, outstanding currency forward contracts are marked-to-market with any resulting gain or loss recognized in income currently. The difference between the estimated fair value and the face value of all such outstanding forward contracts at December 31, 2003 is not material. At December 31, 2003, the actual exchange rate was Cdn. $1.31 per U.S. dollar. At December 31, 2002 CompX had entered into a series of short-term forward exchange contracts maturing through January 2003 to exchange an aggregate of $2.5 million for an equivalent amount of Canadian dollars at an exchange rate of Cdn. $1.57 per U.S. dollar.

Other. 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. Such forward-looking statements are subject to certain risks and uncertainties some of which are listed in "Business-General."

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 Schedule" (page F-1).

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

None.

ITEM 9A. CONTROLS AND PROCEDURES

The Company maintains a system of disclosure controls and procedures. The term "disclosure controls and procedures," as defined by regulations of the Securities and Exchange Commission (the "SEC"), means controls and other procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits to the SEC under the Securities Exchange Act of 1934, as amended (the "Act"), is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by the Company in the reports that it files or submits to the SEC under the Act is accumulated and communicated to the Company's management, including its principal executive officer and its principal financial officer, or persons performing similar functions, as appropriate to allow timely decisions to be made regarding required disclosure. Each of David A. Bowers, the Company's Vice Chairman of the Board, President and Chief Executive Officer, and Darryl R. Halbert, the Company's Vice President, Chief Financial Officer and Controller, have evaluated the Company's disclosure controls and procedures as of December 31, 2003. Based upon their evaluation, these executive officers have concluded that the Company's disclosure controls and procedures are effective as of the date of such evaluation.

The Company also maintains a system of internal controls over financial reporting. The term "internal control over financial reporting," as defined by regulations of the SEC, means a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"), and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company.
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's consolidated financial statements.

There has been no change to the Company's system of internal controls over financial reporting during the quarter ended December 31, 2003 that has materially affected, or is reasonably likely to materially affect, the Company's system of internal controls over financial reporting.

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 also Note 12 to the Consolidated Financial Statements.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

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

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) and (d) Financial Statements and Schedule

The Registrant

The consolidated financial statements and schedules listed on the accompanying Index of Financial Statements and Schedules (see page F-1) are filed as part of this Annual Report.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended December 31, 2003:
October 30, 2003 - Reported items 9 and 12.

(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. CompX will also furnish, without charge, a copy of its Code of Business Conduct and Ethics, as adopted by the Board of Directors on February 24, 2004, upon request. Such requests should be directed to the attention of CompX's Corporate Secretary at CompX's corporate offices located at 5430 LBJ Freeway, Suite 1700, Dallas, Texas 75240.

Item No. Exhibit Item

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	Amended and Restated Bylaws of Registrant, adopted by the Board of Directors August 31, 2002 - incorporated by reference to Exhibit 3.2 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.
10.1	Intercorporate Services Agreement between the Registrant and Contran Corporation effective as of January 1, 2003 - incorporated by reference to Exhibit 10.1 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003.
10.2	Intercorporate Services Agreement between the Registrant and Contran Corporation effective as of January 1, 2004.
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.
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).

Item No.	Exhibit Item
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	$47,500,000 Credit Agreement between the Registrant, Wachovia Bank, National Association, as Agent and various lending institutions dated January 22, 2003 - incorporated by reference to Exhibit 10.9 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2002.
10.8	First Amendment to Credit Agreement between Registrant, Wachovia Bank, and National Association, as Agent and various lending institutions dated October 20, 2003 - incorporated by reference to Exhibit 10.1 at the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003.
10.9	Asset sale/leaseback agreement between Thomas Regout International BV and the municipality of Maastricht, the Netherlands dated December 21, 2001 (English translation from Dutch language document) - incorporated by reference to Exhibit 10.12 of the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001.
10.10*	Agreement and General Release between the Registrant and Brent A. Hagenbuch, effective May 22, 2002 - incorporated by reference to Exhibit 10.12 of the Registrant's Annual Form 10-K for the year ended December 31, 2002.
10.11*	Agreement and General Release between the Registrant and Stuart M. Bitting, effective July 31, 2002 - incorporated by reference to Exhibit 10.12 of the Registrant's Annual Form 10-K for the

year ended December 31, 2002.

10.12	Agreement Regarding Shared Insurance between the Registrant, Contran Corporation, Keystone Consolidated Industries, Inc., Kronos Worldwide, Inc., NL Industries, Inc., Titanium Metals Corp., and Valhi, Inc. dated October 30, 2003.
21.1	Subsidiaries of the Registrant.
23.1	Consent of PricewaterhouseCoopers LLP.
31.1	Certification
31.2	Certification
32.1	Certification
32.2	Certification
99.1	Annual Report of the CompX Contributory Retirement Plan (Form 11-K) to be filed under Form 10-K to this Annual Report on Form 10-K within 180 days after December 31, 2003.

* 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/ David A. Bowers
David A. Bowers
Vice 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/ Glenn R. Simmons Glenn R. Simmons	Chairman of the Board	March 3, 2004
/s/ David A. Bowers David A. Bowers	Vice Chairman of the Board, President and Chief Executive Officer (Principal Executive Officer)	March 3, 2004
/s/ Darryl R. Halbert Darryl R. Halbert	Vice President, Chief Financial Officer and Controller (Principal Financial and Accounting Officer)	March 3, 2004
/s/ Paul M. Bass, Jr. Paul M. Bass, Jr.	Director	March 3, 2004

/s/ Keith R. Coogan ----------------------------- Keith R. Coogan	Director	March 3, 2004
/s/ Edward J. Hardin ----------------------------- Edward J. Hardin	Director	March 3, 2004
/s/ Ann Manix ----------------------------- Ann Manix	Director	March 3, 2004
/s/ Steven L. Watson ----------------------------- Steven L. Watson	Director	March 3, 2004

Annual Report on Form 10-K

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

Index of Financial Statements and Schedule

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

REPORT OF INDEPENDENT AUDITORS

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

In our opinion, the accompanying consolidated balance sheets 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, 2002 and 2003, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America. 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 these financial statements in accordance with auditing standards generally accepted in the United States of America, 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 our opinion.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2002 the Company changed its method of accounting for goodwill and other intangible assets.

PricewaterhouseCoopers LLP

Dallas, Texas
February 23, 2004

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2003

(In thousands, except share data)

ASSETS	2002	2003
Current assets:		
Cash and cash equivalents	$ 12,407	$ 21,726
Accounts receivable, less allowance for doubtful accounts of $812 and $1,075	22,924	25,737
Income taxes receivable from affiliates	352	306
Refundable income taxes	1,378	2,376
Inventories	28,876	26,317
Prepaid expenses and other current assets	3,422	1,840
Deferred income taxes	1,983	1,920
Total current assets	71,342	80,222
Other assets:		
Goodwill	40,729	43,325
Other intangible assets	2,183	1,945
Prepaid rent	426	-
Deferred income taxes	-	351
Other	233	422
Total other assets	43,571	46,043
Property and equipment:		
Land	4,344	4,746

Buildings	29,452	28,605
Equipment	102,347	121,142
Construction in progress	3,548	636
	139,691	155,129
Less accumulated depreciation	54,512	71,940
Net property and equipment	85,179	83,189
	$200,092	$209,454

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

December 31, 2002 and 2003

(In thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	2002	2003
Current liabilities:		
Current maturities of long-term debt	$ 6	$ -
Accounts payable and accrued liabilities	21,318	24,019
Income taxes	419	-
Deferred income taxes	408	505
Total current liabilities	22,151	24,524
Noncurrent liabilities:		
Long-term debt	31,000	26,000
Deferred income taxes	4,469	4,550
Deferred gain on sale/leaseback	493	21
Total noncurrent liabilities	35,962	30,571
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; 6,219,680 and 6,228,680 shares issued	62	62
Class B common stock, $.01 par value; 10,000,000 shares authorized, issued and outstanding	100	100
Additional paid-in capital	119,387	119,437
Retained earnings	44,049	43,433
Accumulated other comprehensive income - currency translation	(10,304)	2,642
Treasury stock, at cost - 1,103,900 shares	(11,315)	(11,315)
Total stockholders' equity	141,979	154,359
	$200,092	$209,454

Commitments and contingencies (Notes 1, 10 and 13)

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31, 2001, 2002 and 2003

(In thousands, except per share data)

	2001	2002	2003
Net sales	$211,422	$196,101	$207,543
Cost of goods sold	167,884	163,181	172,843
Gross margin	43,538	32,920	34,700
Selling, general and administrative expense	28,310	26,713	27,288
Restructuring charge	2,742	-	3,303
Operating income	12,486	6,207	4,109
Gain on sale of plant facility	2,246	-	-
Other general corporate income (expense), net	1,009	(910)	(532)
Interest expense	(2,859)	(1,888)	(1,301)
Income before income taxes	12,882	3,409	2,276
Provision for income taxes	5,758	2,771	1,003
Net income	$ 7,124	$ 638	$ 1,273
Basic and diluted earnings per common share	$ .47	$ .04	$ .08
Cash dividends per share	$ .50	$ .50	$ .125
Shares used in the calculation of earnings per share amounts for:			
Basic earnings per share	15,144	15,110	15,121
Dilutive impact of stock options	6	8	-
Diluted earnings per share	15,150	15,118	15,121

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31, 2001, 2002 and 2003

(In thousands)

	2001	2002	2003
Net income	$ 7,124	$ 638	$ 1,273
Other comprehensive income - currency translation adjustment:			

Pre-tax amount	(5,097)	5,643	13,080
Less income taxes (benefit)	(207)	(66)	134
Total other comprehensive income	(4,890)	5,709	12,946
Comprehensive income	$ 2,234	$ 6,347	$14,219

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2001, 2002 and 2003

(In thousands)

	2001	2002	2003
Cash flows from operating activities:			
Net income	$ 7,124	$ 638	$ 1,273
Depreciation and amortization	14,769	13,004	14,780
Deferred income taxes	1,355	(750)	(444)
Gain on sale of plant facility	(2,246)	-	-
Other, net	465	604	1,068
Change in assets and liabilities:			
Accounts receivable	6,112	1,301	(721)
Inventories	4,075	3,052	5,103
Accounts payable and accrued liabilities	(3,983)	(2,798)	874
Accounts with affiliates	(38)	(16)	46
Income taxes	202	1,561	668
Other, net	(172)	342	1,798
Net cash provided by operating activities	27,663	16,938	24,445
Cash flows from investing activities:			
Capital expenditures	(13,283)	(12,703)	(8,908)
Proceeds from sale of plant facility	10,000	-	-
Other, net	605	32	671
Net cash used by investing activities	(2,678)	(12,671)	(8,237)
Cash flows from financing activities:			
Long-term debt:			
Borrowings	14,919	1,000	1,000
Principal payments	(6,511)	(19,050)	(6,006)
Issuance of common stock	-	120	-
Dividends paid	(7,553)	(7,555)	(1,889)
Common stock reacquired	(2,650)	-	-
Other	-	-	(426)
Net cash used in financing activities	(1,795)	(25,485)	(7,321)
Net increase (decrease)	$ 23,190	$(21,218)	$ 8,887

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years ended December 31, 2001, 2002 and 2003

(In thousands)

	2001	2002	2003
Cash and cash equivalents:			
Net increase (decrease) from:			
Operating, investing and financing activities	$23,190	$(21,218)	$ 8,887
Currency translation	299	316	432
Balance at beginning of year	9,820	33,309	12,407
Balance at end of year	$33,309	$ 12,407	$21,726
Supplemental disclosures:			
Cash paid for:			
Interest	$ 3,238	$ 1,877	$ 1,722
Income taxes	4,126	2,788	2,675

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2001, 2002 and 2003

(In thousands)

	Common stock Class A	Common stock Class B	Additional paid-in capital	Retained Earnings	Accumulated other comprehensive income - currency translation	ned Treasury stock	Total stockholders' equity
Balance at December 31, 2000	$62	$100	$119,194	$ 51,395	$(11,123)	$ (8,665)	$ 150,963
Net income	--	--	--	7,124	--	--	7,124
Other comprehensive income .	--	--	--	--	(4,890)	--	(4,890)
Cash dividends	--	--	--	(7,553)	--	--	(7,553)
Issuance of common stock ...	--	--	30	--	--	--	30
Common stock reacquired	--	--	--	--	--	(2,650)	(2,650)
Balance at December 31, 2001	62	100	119,224	50,966	(16,013)	(11,315)	143,024
Net income	--	--	--	638	--	--	638
Other comprehensive income .	--	--	--	--	5,709	--	5,709
Cash dividends	--	--	--	(7,555)	--	--	(7,555)
Issuance of common stock ...	--	--	156	--	--	--	156
Other	--	--	7	--	--	--	7

Balance at December 31, 2002	62	100	119,387	44,049	(10,304)	(11,315)	141,979
Net income	--	--	--	1,273	--	--	1,273
Other comprehensive income .	--	--	--	--	12,946	--	12,946
Cash dividends	--	--	--	(1,889)	--	--	(1,889)
Issuance of common stock ...	--	--	50	--	--	--	50
Balance at December 31, 2003	$62	$100	$119,437	$ 43,433	$ 2,642	$(11,315)	$ 154,359

See accompanying notes to consolidated financial statements.

COMPX INTERNATIONAL INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Summary of significant accounting policies:

Organization. CompX International Inc. (NYSE: CIX) is 69% owned by Valhi, Inc. (NYSE: VHI) and Valhi's wholly-owned subsidiary Valcor, Inc. at December 31, 2003. The Company manufactures and sells component products (precision ball bearing slides, security products and ergonomic computer support systems). At December 31, 2003, Contran Corporation holds, directly or through subsidiaries, approximately 90% 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 each of such companies and the Company.

Management estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") 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. Actual results may differ from previously-estimated amounts under different assumptions or conditions.

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. The Company has no involvement with any variable interest entity covered by the scope of FASB Interpretation No. 46R, Consolidation of Variable Interest Entities.

Fiscal year. The Company's operations are reported on a 52 or 53-week fiscal year. The years ended December 31, 2001, 2002 and 2003 each consisted of 52 weeks, and the year ended December 31, 2004 will be a 53-week year.

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 resulting translation adjustments are accumulated in stockholders' equity as part of accumulated other comprehensive income, net of related applicable deferred income taxes. Revenues and expenses are translated at average exchange rates prevailing during the year. Currency transaction gains and losses are recognized in income currently.

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 and title and other risks and rewards of ownership have passed to the customer. Shipping terms are generally F.O.B. shipping point, although in some instances, shipping terms are F.O.B. destination point (for which sales are recognized when the product is received by the customer). Amounts charged to customers for shipping and handling are not material. Sales are stated net of price, early payment and distributor discounts and volume rebates.

Accounts receivable. The Company provides an allowance for doubtful accounts for known and potential losses rising from sales to customers based on a periodic review of these accounts.

Inventories and cost of sales. Inventories are stated at the lower of cost or market, net of allowance for obsolete and slow-moving inventories. Inventories are based on average cost or the first-in, first-out method. Cost of sales includes costs for materials, packing and finishing, shipping and handling, utilities, salary and benefits, maintenance and depreciation.

Selling, general and administrative expenses. Selling, general and administrative expenses include costs related to marketing, sales, distribution, and administrative functions such as accounting, treasury and finance, and includes costs for salaries and benefits, travel and entertainment, promotional materials and professional fees.

Goodwill and other intangible assets. Goodwill represents the excess of cost over fair value of individual net assets acquired in business combinations accounted for by the purchase method. Through December 31, 2001, goodwill was amortized by the straight-line method over not more than 20 years. Upon adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002, goodwill was no longer subject to periodic amortization. Goodwill and other intangible assets are stated net of accumulated amortization. See Note 4.

Other intangible assets, consisting of the estimated fair value of certain patents acquired, are amortized by the straight-line method over the lives of such patents (approximately 10 years remaining at December 31, 2003), with no assumed residual value at the end of the life of the patents. Other intangible assets are stated net of accumulated amortization of $1.2 million at December 31, 2002 and $1.5 million at December 31, 2003. Amortization expense of intangible assets was $229,000 in 2001, $240,000 in 2002 and $234,000 in 2003, and is expected to be approximately $250,000 in each of 2004 through 2008.

Through December 31, 2001, when events or changes in circumstances indicated that goodwill or other intangible assets may be impaired, an evaluation was performed to determine if an impairment existed. Such events or circumstances included, among other things, (i) a prolonged period of time during which the Company's net carrying value of its investment in subsidiaries whose common stocks are publicly traded was greater than quoted market prices for such stocks and (ii) significant current and prior periods or current and projected periods with operating losses related to the applicable business unit. All relevant factors were considered in determining whether an impairment existed. If an impairment was determined to exist, goodwill and, if appropriate, the underlying long-lived assets associated with the goodwill, were written down to reflect the estimated future discounted cash flows expected to be generated by the underlying business. Effective January 1, 2002, the Company commenced assessing impairment of goodwill and other intangible assets in accordance with SFAS No. 142. See Note 4.

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 and software. Accelerated depreciation methods are used for income tax purposes, as permitted. Upon sale or retirement of an asset, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is recognized in income currently.

When events or changes in circumstances indicate that assets may be impaired, an evaluation is performed to determine if an impairment exists. Such events or changes in circumstances include, among other things, (i) significant current and prior periods or current and projected periods with operating losses, (ii) a significant decrease in the market value of an asset or (iii) 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. Through December 31, 2001, 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 was also 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. Effective January 1, 2002, the Company began assessing impairment of goodwill in accordance with SFAS No. 142, and the Company began assessing impairment of other long-lived assets (such as property and equipment) in accordance with SFAS No. 144 Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS No. 144 retains the fundamental provisions of prior 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. See Note 4.

Self-insurance. The Company is partially self-insured for workers' compensation and certain employee health benefits and is self-insured for most environmental issues. Stop-loss coverage is purchased by the Company in order to limit its exposure to any significant levels of workers' compensation or employee health benefit claims. Self-insured losses are accrued based upon estimates of the aggregate liability for uninsured claims incurred using certain actuarial assumptions followed in the insurance industry and the Company's own historical claims experience.

Derivatives and hedging activities. 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 or similar exchange rate risk associated with future sales. 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 as part of net currency transactions. To manage such exchange rate risk, at December 31, 2003, the Company held a series of contracts to exchange an aggregate of U.S. $4.2 million for an equivalent amount of Canadian dollars at exchange rates of Cdn. $1.30 to Cdn. $1.33 per U.S. dollar. Such contracts mature through February 2004. The exchange rate was $1.31 per U.S. dollar at December 31, 2003. At December 31, 2002 the Company held contracts maturing through January 2003 to exchange an aggregate of U.S. $2.5 million for an equivalent amount of Canadian dollars at an exchange rate of Cdn. $1.57 per U.S. dollar. At December 31, 2002, the actual exchange rate was Cdn. $1.57 per U.S. dollar.

Income taxes. The Company is a separate United States federal income taxpayer and is not a member of Contran's consolidated United States federal income tax group. The Company is however a part of consolidated tax returns filed by Contran in certain United States state jurisdictions. For such consolidated state tax returns, intercompany allocations of state tax provisions are computed on a separate company basis. Payments are made to, or received from Contran in the amounts that would have been paid to or received from the respective state tax authority had CompX not been a part of the consolidated state tax return.

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 in the various taxing jurisdictions in which it operates 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 aggregated $45 million at December 31, 2002 and $43.1 million at December 31, 2003.

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 excluded from the calculation of diluted earnings per share because their impact would have been antidilutive aggregated approximately 746,000 in 2001, 819,000 in 2002 and 713,000 in 2003.

Stock options. At December 31, 2003, the Company has a stock-based employee compensation plan, which is described more fully in Note 9. The Company accounts for stock-based employee compensation related to stock options using the intrinsic value method in accordance with Accounting Principles Board Opinion ("APBO") 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 greater than or equal to the market price on the grant date. Compensation cost recognized by the Company related to stock options in accordance with APBO No. 25 has not been significant in any of the past three years. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123, Accounting for Stock-Based Compensation to stock-based employee compensation related to stock options for all options granted on or after January 1, 1995.

	Years ended December 31,		
	2001	2002	2003
	(In thousands, except per share data)		
Net income, as reported	$ 7,124	$ 638	$1,273
Deduct: Total stock-based employee compensation expense related to stock options determined under fair value based method for all awards, net of related tax effects	(1,486)	(1,572)	(875)
Pro forma net income (loss)	$ 5,638	$ (934)	$ 398
Earnings (loss) per share - basic and diluted:			
As reported	$ .47	$ .04	$ .08
Pro forma	$ .37	$ (.06)	$ .03

Fair value of financial instruments. The carrying amounts of accounts receivable and accounts payable approximates fair value due to their short-term nature. The carrying amount of indebtedness approximates fair value due to the stated interest rate approximating a market rate. These estimated fair value amounts have been determined using available market information or other appropriate valuation methodologies.

Other. Advertising costs, expensed as incurred, were $1,026,000 in 2001, $879,000 in 2002 and $588,000 in 2003. Research and development costs, expensed as incurred, were $510,000 in 2001, $659,000 in 2002, and $469,000 in 2003.

Note 2 - Business and geographic segments:

The Company's operating segments are defined as components of its operations about which separate financial information is available that is regularly evaluated by the chief operating decision maker in determining how to allocate resources and in assessing performance. The Company's chief operating decision maker is Mr. David Bowers, president and chief executive officer of the Company. The Company has three operating segments - CompX Security Products, CompX Waterloo and Thomas Regout. The CompX Security Products segment, with manufacturing facilities in South Carolina and Illinois, manufactures locking mechanisms and other security products for sale to the office furniture, banking, vending, computer and other industries. The CompX Waterloo segment, with facilities in Canada, Michigan and Taiwan, and the Thomas Regout segment, with facilities in the Netherlands, both manufacture and distribute a complete line of precision ball bearing slides for use in office furniture, computer-related equipment, tool storage cabinets and other applications. Additionally, the CompX Waterloo segment manufacturers and distributes ergonomic computer support systems for office furniture. Previously, the Company had aggregated the CompX Waterloo and Thomas Regout operating segments into a single reportable segment because of similar economic characteristics, products, customer types, production processes, and distribution methods. Due to the continued weakness in the European office furniture market and the divergence in operating income between the two segments, the Company determined in the third quarter of 2003 that these two segments no longer have similar economic characteristics, and accordingly the Company no longer aggregates the CompX Waterloo and Thomas Regout operating segments. Aggregated segment amounts reported for CompX Waterloo/Thomas Regout in previous periods have been reclassified to conform to the current presentation. Intersegment sales are intercompany shipments from Thomas Regout to CompX Waterloo.

The chief operating decision maker evaluates segment performance based on segment operating income, which is defined as income before income taxes, and interest expense, exclusive of certain general corporate income and expense items (including interest income and foreign exchange transaction gains and losses) and certain non-recurring items (such as gains or losses on the disposition of business units and other long-lived assets outside the ordinary course of business). All corporate office operating expenses are allocated to the three reportable segments based upon the segments' net sales. 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 combinations accounted for by the purchase method.

Segment assets are comprised of all assets attributable to the reportable segments. Corporate assets are not attributable to the operating segments and consist primarily of cash and cash equivalents. For geographic information, net sales are attributable to the place of manufacture (point of origin) and the location of the customer (point of destination); property and equipment are attributable to their physical location. At December 31, 2002 and 2003, the net assets of non-U.S. subsidiaries included in consolidated net assets approximated $82 million and $88 million, respectively.

	Years ended December 31,		
	2001	2002	2003
	(In thousands)		
Net sales:			
CompX Waterloo	$105,135	$ 93,116	$ 97,518
CompX Security Products	74,071	73,358	76,155
Thomas Regout	33,303	31,278	35,331
Intersegment sales	(1,087)	(1,651)	(1,461)
Total net sales	$211,422	$196,101	$207,543
Operating income (loss):			
CompX Waterloo	$ 8,596	$ (1,213)	$ 394
CompX Security Products	7,320	8,076	9,743
Thomas Regout	(3,430)	(656)	(6,028)
Total operating income	12,486	6,207	4,109
Interest expense	(2,859)	(1,888)	(1,301)
Gain on sale of plant facility	2,246	-	-
Other general corporate income (expense), net	1,009	(910)	(532)

Income before income taxes	$ 12,882	$ 3,409	$ 2,276
Depreciation and amortization:			
CompX Waterloo	$ 6,631	$ 6,450	$ 7,281
CompX Security Products	5,633	4,769	4,843
Thomas Regout	2,505	1,785	2,656
	$ 14,769	$ 13,004	$ 14,780
Capital expenditures:			
CompX Waterloo	$ 5,891	$ 8,601	$ 6,446
CompX Security Products	6,452	1,582	1,901
Thomas Regout	940	2,520	561
	$ 13,283	$ 12,703	$ 8,908

	Years ended December 31,		
	2001	2002	2003
	(In thousands)		
Net sales:			
Point of origin:			
Canada	$ 82,027	$ 71,462	$ 76,307
United States	88,567	86,722	94,298
The Netherlands	33,303	31,278	35,331
Taiwan	11,665	14,688	13,405
Eliminations	(4,140)	(8,049)	(11,798)
	$211,422	$196,101	$207,543
Point of destination:			
United States	$130,534	$126,182	$127,032
Canada	35,475	29,601	32,363
Europe	37,097	33,115	37,483
Other	8,316	7,203	10,665
	$211,422	$196,101	$207,543

	December 31,		
	2001	2002	2003
	(In thousands)		
Total assets:			
CompX Waterloo	$ 90,348	$ 73,411	$ 90,457
CompX Security Products	92,503	87,795	79,619
Thomas Regout	38,154	37,860	36,322
Corporate and eliminations	1,871	1,026	3,056
	$222,876	$200,092	$209,454
Goodwill:			
CompX Waterloo	$ 4,901	$ 4,846	$ 4,986
CompX Security Products	23,743	23,743	23,743
Thomas Regout	10,238	12,140	14,596
	$ 38,882	$ 40,729	$ 43,325
Net property and equipment:			
United States	$ 48,863	$ 46,251	$ 44,499
Canada	23,420	23,046	23,341
The Netherlands	7,323	10,034	9,639
Taiwan	5,430	5,848	5,710
	$ 85,036	$ 85,179	$ 83,189

Note 3 - Inventories:

	December 31, 2002	December 31, 2003
	(In thousands)	
Raw materials	$ 6,573	$ 6,170
Work in process	12,602	10,852
Finished products	9,532	9,166
Supplies	169	129
	$28,876	$26,317

Note 4 - Goodwill:

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 such 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.

The Company has assigned its goodwill to the three reporting units (as that term is defined in SFAS No. 142) which correspond to the three operating segments. Under SFAS No. 142, such goodwill will be deemed to not be impaired if the estimated fair value of the applicable reporting unit exceeds the respective net carrying value of such reporting unit, 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 uses appropriate valuation techniques, such as discounted cash flows, to estimate the fair value of the reporting units. The Company completed its initial, transitional goodwill impairment analysis under SFAS No. 142 as of January 1, 2002, and no goodwill impairments were deemed to exist as of such date. Starting in 2002, in accordance with the requirements of SFAS No. 142, the Company reviews goodwill for impairment during the third quarter of each year. 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. No goodwill impairments were deemed to exist as a result of the Company's impairment review completed during 2002 or 2003.

The following table presents what the Company's consolidated net income, and related per share amounts, would have been in 2001 if the goodwill amortization included in the Company's reported consolidated net income had not been recognized.

Years ended December 31, 2001	2002	2003

	----	----	----
	(In millions, except per share data)		
Net income, as reported	$7.1	$ .6	$1.3
Goodwill amortization	2.3	-	-
Incremental income taxes	-	-	-
	----	----	---
Adjusted net income	$9.4	$ .6	$1.3
	====	====	====
Basic and diluted net income per share, as reported	$.47	$.04	$.08
Goodwill amortization	.15	-	-
Incremental income taxes	-	-	-
	----	----	---
Adjusted basic and diluted net income per share	$.62	$.04	$.08
	====	====	====

Changes in the carrying amount of goodwill during the past three years is presented in the table below. Goodwill was generated principally from acquisitions of certain business units during 1998, 1999 and 2000.

	CompX Waterloo	CompX Security Products	Thomas Regout	Total
		(In millions)		
Balance at December 31, 2000	$ 5.4	$25.1	$11.7	$42.2
Changes in currency exchange rates	(.2)	-	(.8)	(1.0)
Periodic amortization	(.3)	(1.4)	(.6)	(2.3)
	-----	-----	-----	-----
Balance at December 31, 2001	4.9	23.7	10.3	38.9
Changes in currency exchange rates	-	-	1.8	1.8
	-----	-----	-----	-----
Balance at December 31, 2002	4.9	23.7	12.1	40.7
Changes in currency exchange rates	.1	-	2.5	2.6
	-----	-----	-----	-----
Balance at December 31, 2003	$ 5.0	$23.7	$14.6	$43.3
	=====	=====	=====	=====

Note 5 - Accounts payable and accrued liabilities:

	December 31, 2002	December 31, 2003
	----	----
	(In thousands)	
Accounts payable	$ 9,106	$ 8,597
Accrued liabilities:		
Employee benefits	7,065	7,660
Insurance	478	374
Royalties	246	243
Restructuring	540	3,223
Sales rebates	845	805
Deferred gain on sale/leaseback	805	485
Other	2,233	2,632
	-------	-------
	$21,318	$24,019

	=======	=======

Due to continued operating losses at the Company's Thomas Regout subsidiary in Europe resulting from the continued downturn in the European office furniture market, the Company commenced a strategic analysis of the Thomas Regout segment during the third quarter of 2003. As part of the ongoing analysis of the operations, the Company determined that it should significantly reduce headcount in the operations in order to be competitive. Prior to the end of September, the Company finalized and communicated to the employees a restructuring plan detailing the cost to terminate approximately 100 employees, and accordingly the Company recognized a $3.5 million restructuring charge in the third quarter of 2003 related to the headcount reduction. The charge represents severance to be paid to the terminated employees, which is expected to be paid through the end of the second quarter of 2004. In the fourth quarter of 2003, the Company lowered the charge by $225,000 as the result of changes in estimates and timing of individual severance benefits, and the Company paid $487,000 in severance benefits. Also in the fourth quarter of 2003, changes in the currency exchange rate between the U.S. dollar and the euro increased the translated U.S. dollar liability by $407,000. Substantially all of the remaining severance is expected to be paid during 2004.

In 2001, the Company also recognized a charge of $2.7 million related to a consolidation and rationalization of CompX's European operations. This restructuring effort included headcount reductions of about 35 employees substantially all of which had been implemented by December 31, 2001. Due to adjustments for changes in currency exchange rates, through January 31, 2003 approximately $3.0 million has been paid (including approximately $.6 million during January 2003), and no amounts remain to be paid.

Note 6 - Indebtedness:

	December 31, 2002	December 31, 2003
	(In thousands)	
Revolving bank credit facility	$31,000	$26,000
Other	6	--
	31,006	26,000
Less current portion	6	--
	$31,000	$26,000

At December 31, 2003, the Company has a $47.5 million secured revolving bank credit facility maturing in January 2006 which bears interest, at the Company's option, at rates based on either the prime rate or LIBOR (resulting in a weighted-average interest rate of 3.2% at December 31, 2003). The credit facility is collateralized by substantially all of the Company's United States tangible assets and a pledge of at least 65% of the ownership interests in the Company's first-tier foreign subsidiaries. The facility contains certain covenants and restrictions customary in lending transactions of this type, which among other things, restricts the ability of CompX and its subsidiaries to incur debt, incur liens, pay dividends, merge or consolidate with, or transfer all or substantially all of their assets to another entity. The facility also requires maintenance of specified levels of net worth (as defined). In the event of a change of control of CompX, as defined, the lenders would have the right to accelerate the maturity of the facility. CompX would also be required under certain conditions to use the net proceeds from the sale of assets outside the ordinary course of business to reduce outstanding borrowings under the facility, and such a transaction would also result in a permanent reduction of the size of the facility. At December 31, 2003, $21.5 million was available for borrowing under the terms of the facility. In January 2004, the Company repaid $12 million, using available cash on hand.

The credit facility permits the Company to pay dividends and/or repurchase its common stock in an amount equal to the sum of (i) a dividend of $.125 per share in any calendar quarter, not to exceed $8.0 million in any calendar year, plus (ii) $6.0 million plus 50% of aggregate net income over the term of the credit facility. At December 31, 2003, $7.6 million was available for dividends and/or repurchases of the Company's common stock under the terms of the facility.

Amounts outstanding at December 31, 2002 under a prior unsecured bank credit facility, which matured in February 2003, were classified as a noncurrent liability because those borrowings were refinanced on a long-term basis under the terms of the new secured bank credit facility.

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 $1,720,000 in 2001, $1,748,000 in 2002 and $1,832,000 in 2003.

Defined benefit plans. Through January 1, 2001, the Company maintained a defined benefit pension plan covering substantially all full-time employees of Thomas Regout B.V. As of January 1, 2001, the Company ceased providing future benefits under the plan, thus reducing certain pension benefit obligations. In connection with this curtailment, the Company recognized a curtailment gain of approximately $116,000 in 2001. Certain obligations related to the terminated plan were not fully settled until 2002. At December 31, 2001, the projected benefit obligation for this plan was approximately $1.3 million, and the fair value of plan assets was approximately $1.0 million. During 2002, plan assets of approximately $1.3 million (including employer contributions of $240,000) were used to fully settle the remaining benefit obligations, at which time the Company recognized a settlement gain of $677,000. Net periodic pension cost (benefit) related to this plan, other than the curtailment and settlement gains discussed above, were not material during the past three years. See Note 11.

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, 2001	2002	2003
		(In thousands)	
Components of pre-tax income (loss):			
United States	$ (998)	$ (1,913)	$ 6,258
Non-U.S.	13,880	5,322	(3,982)
	$12,882	$ 3,409	$ 2,276

	Years ended December 31, 2001	2002	2003
		(In thousands)	
Provision for income taxes:			
Currently payable (refundable):			
U.S. federal and state	$ (844)	$ 1,128	$ 121
Foreign	5,247	2,394	1,326
	4,403	3,522	1,447
Deferred income taxes (benefit):			

U.S.	1,941	(114)	2,061
Foreign	(586)	(637)	(2,505)
	1,355	(751)	(444)
	$ 5,758	$ 2,771	$ 1,003
Expected tax expense, at the U.S. federal statutory income tax rate of 35%	$ 4,509	$ 1,193	$ 797
Non-U.S. tax rates	(353)	(290)	(123)
Incremental U.S. tax on earnings of foreign subsidiary	330	1,099	562
No tax benefit for goodwill amortization	693	-	-
State income taxes and other, net	579	769	(233)
	$ 5,758	$ 2,771	$ 1,003
Comprehensive provision (benefit) for income tax benefit allocable to:			
Pre-tax income	$ 5,758	$ 2,771	$ 1,003
Other comprehensive income - currency translation	(207)	(66)	134
	$ 5,551	$ 2,705	$ 1,137

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

	December 31, 2002	December 31, 2003
	(In thousands)	
Tax effect of temporary differences related to:		
Inventories	$ 575	$ 430
Property and equipment	(8,510)	(10,562)
Accrued liabilities and other deductible differences	2,087	1,252
Tax loss and credit carryforwards	5,769	8,953
Other taxable differences	(2,815)	(2,857)
Valuation allowance	-	-
	$(2,894)	$ (2,784)
Net current deferred tax assets	$ 1,983	$ 1,920
Net noncurrent deferred tax assets	-	351
Net current deferred tax liabilities	(408)	(505)
Net noncurrent deferred tax liabilities	(4,469)	(4,550)
	$(2,894)	$ (2,784)

At December 31, 2003, 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 USA, Inc. 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 certain portions of the NOL carryforward is limited to approximately $400,000 annually. The Company utilized none of such NOL carryforward in 2001, 2002 or 2003. At December 31, 2003, the Company also has the equivalent of approximately $16.2 million of tax loss carryforwards in the Netherlands with no expiration date. 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:

	Class A Issued	Class A Treasury	Class A Outstanding	Class B Issued and outstanding
Balance at December 31, 2000	6,204,680	(844,300)	5,360,380	10,000,000
Issued	2,500	--	2,500	--
Reacquired	--	(259,600)	(259,600)	--
Balance at December 31, 2001	6,207,180	(1,103,900)	5,103,280	10,000,000
Issued	12,500	--	12,500	--
Balance at December 31, 2002	6,219,680	(1,103,900)	5,115,780	10,000,000
Issued	9,000	--	9,000	--
Balance at December 31, 2003	6,228,680	(1,103,900)	5,124,780	10,000,000

Shares of common stock

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.

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, vest over five years and expire ten years from the date of grant.

The following table sets forth changes in outstanding options during the past three years.

Shares	Exercise price per share	Amount payable upon exercise

		(In thousands, except per share amounts)	
Outstanding at December 31, 2000	722	$12.50 -$20.00	$13,781
Granted	330	10.00 - 13.00	4,181
Canceled	(196)	13.00 - 20.00	(3,691)
Outstanding at December 31, 2001	856	10.00 - 20.00	14,271
Granted	25	11.00 - 14.30	328
Exercised	(10)	12.06	(120)
Canceled	(107)	11.59 - 20.00	(1,484)
Outstanding at December 31, 2002	764	$10.00 -$20.00	$12,995
Canceled	(145)	11.00 - 20.00	(2,311)
Outstanding at December 31, 2003	619	$10.00 -$20.00	$10,684

Outstanding options at December 31, 2003 represent approximately 4% of the Company's total outstanding shares of common shares at that date and expire through 2012 with a weighted-average remaining term of 6 years. At December 31, 2003, options to purchase 452,000 of the Company's shares were exercisable at prices ranging from $10.00 to $20.00 per share, or an aggregate amount payable upon exercise of $8.2 million, with a weighted-average exercise price of $18.21 per share. These exercisable options are exercisable through 2012. All of such exercisable options are exercisable at prices higher than the Company's December 31, 2003 market price of $6.40 per share. At December 31, 2003, options to

purchase 73,000 shares are scheduled to become exercisable in 2004 and an aggregate of 633,000 shares were available for future grants.

Other. The pro forma information included in Note 1, required by 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 first time the Company granted stock options). The weighted-average fair values of CompX options granted during 2001 and 2002 were $4.53 and $5.05, respectively (no options were granted in 2003). 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 37% to 45%, risk-free rates of return of 5.1% to 6.9%, dividend yields of nil to 5.0% 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 stock option valuation model may not provide a reliable estimate of the fair value of employee stock options.

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 and dilutive earnings per share is not necessarily indicative of future effects on net income or earnings per share.

Note 10 - Gain on sale of plant facility:

In 2001, the Company recorded a $2.2 million pre-tax gain related to the sale/leaseback of its manufacturing facility in the Netherlands. Pursuant to the sale/leaseback, CompX sold the manufacturing facility with a net carrying value of $8.2 million for $10.0 million cash consideration in December 2001, and CompX simultaneously entered into a leaseback of the facility with a nominal monthly rental for between 36 and 48 months depending on when the alternative location has cleared all regulatory hurdles. CompX has the option to extend the leaseback period for up to an additional two years with monthly rentals of $40,000 to $100,000. CompX may terminate the leaseback at any time without penalty. In addition to the cash received up front, CompX included an estimate of the fair market value of the monthly rental during the nominal-rental leaseback period as part of the sale proceeds. A portion of the gain from the sale of the facility after transaction costs, equal to the present value of the monthly rentals over the expected leaseback period (including the fair market value of the monthly rental during the nominal-rental leaseback period), was deferred and is being amortized into income over the expected leaseback period. CompX is recognizing rental expense over the leaseback period, including amortization of the prepaid rent consisting of the estimated fair market value of the monthly rental during the nominal-rental leaseback period. Pursuant to the agreement, CompX is also obligated to acquire up to 10 acres from the municipality of Maastricht for approximately $2.5 million within the next four years. Acquisition of this property is subject to the municipality meeting certain conditions which have not yet been met.

Note 11 - Other general corporate income (expense), net:

	Years ended December 31, 2001	2002	2003
	(In thousands)		
Net foreign currency transaction gain (loss)	$ 636	$ (865)	$ (667)
Interest income	574	381	188
Defined benefit plan curtailment gain	116	-	-
Defined benefit plan settlement gain	-	677	-
Loss on disposal of property and equipment	(126)	(1,193)	(166)
Other income (expense), net	(191)	90	113
	$1,009	$ (910)	$ (532)

In 2002, net losses on disposal of property and equipment included $1 million loss related to the retooling of the Company's precision slide manufacturing facility in Byron Center, Michigan. The remainder of the charges for retooling are recorded as cost of goods sold and relate to the cost of moving and installing machinery and equipment as well as the disposal of obsolete inventory.

Note 12 - 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.

Under the terms of various Intercorporate Service Agreements ("ISAs") with Contran, Valhi and NL Industries, Inc., a majority-owned subsidiary of Valhi, Contran, Valhi and NL have performed certain management, tax planning, financial and administrative services for the Company on a fee basis over the past three years. Such fees are based upon estimates of time devoted to the affairs of the Company by individual Contran, Valhi or NL employees and the compensation of such persons. Because of the large number of companies affiliated with Contran, the Company believes it benefits from cost savings and economies of scale gained by not having certain management, financial and administrative staffs duplicated at each entity, thus allowing certain individuals to provide services to multiple companies but only be compensated by one entity. These ISAs are reviewed and approved by the applicable independent directors of the companies that are parties to the agreement. In addition, certain occupancy and related office services are provided based upon square footage occupied. Fees pursuant to these agreements aggregated $1,245,000 in 2001, $1,744,000 in 2002 and $2,138,000 in 2003.

Tall Pines Insurance Company, Valmont Insurance Company and EWI RE, Inc. provide for or broker certain insurance policies for Contran and certain of its subsidiaries and affiliates, including the Company. Tall Pines and Valmont are wholly-owned subsidiaries of Valhi, and EWI is a wholly-owned subsidiary of NL. Prior to January 2002, an entity controlled by one of Harold C. Simmons' daughters owned a majority of EWI, and Contran owned the remainder of EWI. In January 2002, NL purchased EWI from its previous owners. Consistent with insurance industry practices, Tall Pines, Valmont and EWI receive commissions from the insurance and reinsurance underwriters for the policies that they provide or broker. The aggregate premiums paid to Tall Pines, Valmont and EWI were $889,000 in 2001, $1,094,000 in 2002 and $1,029,000 in 2003. These amounts principally included payments for insurance and reinsurance premiums paid to third parties, but also included commissions paid to Tall Pines, Valmont and EWI. In the Company's opinion, the amounts that the Company paid for these insurance policies and the allocation among the Company and its affiliates of relative insurance premiums are reasonable and similar to those they could have obtained through unrelated insurance companies and/or brokers. The Company expects that these relationships with Tall Pines, Valmont and EWI will continue in 2004.

Contran and certain of its subsidiaries and affiliates, including the Company, purchase certain of their insurance policies as a group, with the costs of the jointly-owned policies being apportioned among the participating companies. With respect to certain of such policies, it is possible that unusually large losses incurred by one or more insureds during a given policy period could leave the other participating companies without adequate coverage under that policy for the balance of the policy period. As a result, Contran and certain of its subsidiaries and affiliates, including the Company, have entered into a loss sharing agreement under which any uninsured loss is shared by those entities who have submitted claims under the relevant policy. The Company believes the benefits in the form of reduced premiums and broader coverage associated with the group coverage for such policies justifies the risk associated with the potential for any uninsured loss.

Note 13 - Commitments and contingencies:

Legal proceedings. The Company is involved, from time to time, in various contractual, product liability, patent (or intellectual property), employment and other claims and disputes incidental to its business. The Company currently believes that the disposition of all claims and disputes, individually or in the aggregate, if any, 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.

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 36%, 30% and 38% of sales in 2001, 2002 and 2003, respectively, with no single customer accounting for more than 10% of sales.

Other. Royalty expense was $672,000 in 2001, $708,000 in 2002 and $450,000 in 2003. Royalties relate principally to certain products manufactured in Canada and sold in the United States under the terms of a third-party patent license agreement that expired during 2003.

Rent expense, principally for equipment, was $1,861,000 in 2001, $1,009,000 in 2002 and $792,000 in 2003. At December 31, 2003, future minimum rentals under noncancellable operating leases are approximately $851,000 in 2004, $632,000 in 2005, $417,000 in 2006, $172,000 in 2007 and none in 2008.

Firm purchase commitments for capital projects in process at December 31, 2003 approximated $.6 million.

Note 14 - Quarterly results of operations (unaudited):

	Quarter ended			
	March 31	June 30	Sept. 30	Dec. 31
	(In millions, except per share amounts)			
2002:				
Net sales	$48.6	$51.0	$48.8	$47.7
Operating income (loss)	2.5	2.7	1.3	(.3)
Net income (loss)	1.3	.8	.2	(1.8)
Basic and diluted earnings (loss) per share	$ .09	$ .05	$ .02	$(.12)
2003:				
Net sales	$51.0	$49.7	$52.5	$54.3
Operating income (loss)	1.8	.9	(.3)	1.7
Net income (loss)	.6	.3	(.4)	.8
Basic and diluted earnings (loss) per share	$ .04	$ .02	$(.03)	$ .05

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.

During the fourth quarter of 2002, the Company recorded the following significant adjustments:

- A $1.6 million pre-tax charge related to a re-tooling of the Company's precision slide manufacturing facility in Byron Center, Michigan. $1.0 million of such charge was non-cash in nature and is reflected in other general corporate income (expenses), net, with the remainder reflected in cost of goods sold.

- A $1.9 million pre-tax charge, recorded as cost of goods sold, related to various changes in estimates with respect to obsolete and slow-moving inventory, inventory overhead absorption rates and other items. Approximately $1.3 million of this charge related to the CompX Waterloo segment, with the remaining $.6 million relating to the CompX Security Products segment.

The aggregate effect of these fourth quarter 2002 adjustments was a pre-tax charge of $3.5 million ($2.3 million, or $.15 per diluted share, net of income taxes).

During the third quarter of 2003, the Company recorded a $3.5 million restructuring charge as an operating expense as discussed in Note 5. In the fourth quarter of 2003, the Company reduced the amount of the charge by approximately $225,000 to the same line item on the Statement of Operations, resulting in a net charge of $3.3 million in 2003.

REPORT OF INDEPENDENT AUDITORS
ON FINANCIAL STATEMENT SCHEDULE

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 23, 2004, appearing on page F-2 of this 2003 Annual Report on Form 10-K of CompX International Inc., also included an audit of the financial statement schedule listed in the index on page F-1 of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

PricewaterhouseCoopers LLP

Dallas, Texas
February 23, 2004

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	Net deductions	Currency translation	Balance at end of year
Year ended December 31, 2001:					
Allowance for doubtful accounts	$ 487	$ 636	$ (296)	$ 14	$ 841

Amortization of goodwill	$5,065	$ 2,304	$ --	$ (75)	$7,294
Amortization of other intangible assets	$ 785	$ 229	$ --	$ (4)	$1,010
Year ended December 31, 2002:					
Allowance for doubtful accounts	$ 841	$ 458	$ (541)	$ 54	$ 812
Amortization of goodwill	$7,294	$ --	$ --	$ 332	$7,626
Amortization of other intangible assets	$1,010	$ 240	$ --	$ (1)	$1,249
Year ended December 31, 2003:					
Allowance for doubtful accounts	$ 812	$ 257	$ (98)	$ 104	$1,075
Amortization of goodwill	$7,626	$ --	$ --	$ 407	$8,033
Amortization of other intangible assets	$1,249	$ 234	$ --	$ 19	$1,502

INTERCORPORATE SERVICES AGREEMENT

BETWEEN

CONTRAN CORPORATION

AND

COMPX INTERNATIONAL INC.

Dated as of January 1, 2004

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INTERCORPORATE SERVICES AGREEMENT

This Intercorporate Services Agreement ("Agreement") is entered into effective as of January 1, 2004 (the "Effective Date"), between Contran Corporation, a Delaware corporation ("Contran"), and CompX International Inc., a Delaware corporation ("CompX")

Recitals

A. CompX is an indirectly held subsidiary of Contran.

B..CompX has and will have the need for executive, management, financial, audit, accounting, tax, legal, insurance, risk management, treasury, technical, consulting, administrative and other services as required from time to time in the ordinary course of CompX's business (collectively, the "Services"), but has determined that it is not cost effective to obtain and separately maintain the infrastructure associated with the Services, particularly the costs associated with attracting and maintaining on its payroll on a full time basis a full complement of skilled employees.

C..Contran is able and willing to provide the Services to CompX, and CompX desires to engage Contran as an independent contractor to provide the Services in accordance with the terms set forth in this Agreement.

Agreement

For and in consideration of the mutual promises, representations and covenants contained in this Agreement, the parties agree as follows.

ARTICLE I.
AMENDS AND SUPERSEDES PRIOR AGREEMENT

This Agreement amends and supersedes in its entirety that certain Intercorporate Services Agreement effective as of January 1, 2003 by and between Contran and CompX.

ARTICLE II.
RETENTION OF CONTRAN

Section 2.1. Performance of Services.

(a) CompX hereby engages and retains Contran to perform the Services and Contran hereby accepts and agrees to provide such Services to CompX upon the terms and conditions set forth in this Agreement. All Services to be provided by Contran hereunder shall be performed at the request and under the direction of CompX, and Contran shall not have any power to act independently on behalf of CompX other than as specifically authorized under this Agreement or from time to time by CompX. Contran shall provide Services in connection with routine functions related to the ongoing ordinary course of CompX's business. The Services rendered in connection with the conduct of CompX'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.

(b) Contran shall determine the corporate facilities to be used in rendering the Services and the individuals who will render such Services.

(c) Contran will use reasonable efforts to make the Services available with substantially the same degree of care as it employs in making similar services available for its own operations.

(d) Those employees or agents of Contran who perform similar services for Contran or for other affiliates of Contran, or both, will perform the Services.

(e) Nothing herein shall be deemed to restrict either party or its directors, officers, employees or agents from engaging in any business, or from contracting with other parties, including, without limitation, other affiliates of Contran, for similar or different services.

Section 2.2. Director Services Not Included. The Services do not include any services that employees of Contran may provide to CompX in their roles as members of CompX's board of directors or any other activity related to such board of directors.

Section 2.3. Outside Services. CompX 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 this Article.

Section 2.4. Disclaimer, Limited Liability; Indemnification.

(a) Except as expressly provided elsewhere in this Agreement, Contran makes no express or implied representations, warranties or guarantees relating to the Services or the quality or results of the Services to be performed under this Agreement.

(b) Contran, its directors, officers, employees, stockholders or agents shall not be liable to CompX or any third party, including any governmental agency, for any claims, demands, losses, liabilities, damages, costs or expenses, including attorneys' and expert witness fees, arising from or in connection with the Services, other than those arising from or in connection with the gross negligence or willful misconduct of Contran or its directors, officers, employees, stockholders or agents (collectively, "No Liability Claims").

(c) CompX assumes all liability for, and agrees to defend, indemnify and hold Contran harmless from and against all No Liability Claims. CompX assumes all liability for, and agrees to defend, indemnify and hold Contran's directors, officers, employees, stockholders or agents harmless from, No Liability Claims to the same extent that Contran could assume such liability for, or defend, indemnify and hold harmless, such entity or person. CompX shall promptly advance expenses as incurred by Contran its directors, officers, employees, stockholders or agents in connection with CompX's obligations under this Section.

ARTICLE III.
COMPENSATION

Section 3.1. Compensation for Services.

(a) Contran and CompX shall agree on the aggregate annual amount that CompX shall pay Contran for the Services for a particular year.

(b) CompX shall pay to Contran one fourth of the annual amount in advance quarterly around the first business day of each quarter.

(c) From time to time upon a change to the annual amount for a particular year, Contran or CompX, as applicable, shall promptly make appropriate payments to the other party to reflect such change.

(d) All charges from Contran to CompX are intended to be equal to the actual cost of such expenses without premium or mark-up to Contran.

Section 3.2. Out-of-Pocket Costs. In addition to the fee paid to Contran by CompX for the Services, CompX will promptly pay to Contran the amount of out-of-pocket costs incurred by Contran in rendering such Services.

ARTICLE IV.
CONFIDENTIALITY

Section 4.1. Confidentiality. Each party shall hold and shall cause its directors, officers, employees, agents, consultants and advisors ("Representatives") to hold in strict confidence all information concerning the other party unless (i) such party is compelled to disclose such information by judicial or administrative process or, in the opinion of its counsel, by other requirements of law or (ii) such information can be shown to have been (A) in the public domain through no fault of such party or (B) lawfully acquired on a non-confidential basis from other sources. Notwithstanding the foregoing, such party may disclose such information to its Representatives so long as such persons are informed by such party of the confidential nature of such information and are directed by such party to treat such information confidentially. If such party or any of its Representatives becomes legally compelled to disclose any documents or information subject to this Section, such party will promptly notify the other party so that the other party may seek a protective order or other remedy or waive such party's compliance with this Section. If no such protective order or other remedy is obtained or waiver granted, such party will furnish only that portion of the information that it is advised by counsel is legally required and will exercise its reasonable efforts to obtain adequate assurance that confidential treatment will be accorded such information. Such party agrees to be responsible for any breach of this Section by it and its Representatives.

ARTICLE V.
MISCELLANEOUS

Section 5.1. Maintenance and Inspection of Records. Contran shall keep accurate books, accounts and records regarding the Services as may be reasonably necessary for purposes of this Agreement. CompX shall be permitted to inspect such books, accounts and records at any reasonable time.

Section 5.2. Notices. All notices and other communications hereunder shall be in writing, and shall be delivered by hand or mailed by registered or certified mail (return receipt requested) or transmitted by facsimile to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice) and shall be deemed given on the date on which such notice is received:

If to Contran:	Contran Corporation. Three Lincoln Centre 5430 LBJ Freeway, Suite 1700 Dallas, Texas 75240-2697 Attention: General Counsel Phone: 972.450.4251 Fax: 972.448.1445
If to CompX:	CompX International Inc. Three Lincoln Centre 5430 LBJ Freeway, Suite 1700 Dallas, Texas 75240-2697 Attention: General Counsel Phone: 972.450.4251 Fax: 972.448.1445

Section 5.3. Term; Renewal. The initial term of this Agreement shall commence as of the Effective Date and end on December 31, 2004, but shall be automatically renewed on a quarter-to-quarter basis after the expiration of the initial term. Either party may terminate this Agreement by giving written notice of termination to the other party not less than thirty (30) days in advance of the first day of each successive quarter. In addition, in the event of a material default hereunder by a party, the non-defaulting party may terminate this Agreement upon thirty (30) days prior written notice if such default remains uncured and is continuing for twenty (20) days after receipt by the defaulting party of such written notice of intent to terminate. A final accounting and payment by one party to the other of all amounts payable hereunder shall be made pursuant to the terms hereof within thirty (30) days following such termination.

Section 5.4. Independent Contractor. Contran shall be an independent contractor and not an employee of, or partner or joint venturer with, CompX.

Section 5.5. Force Majeure. No party shall be in default of this Agreement or liable to the other party for any delay or default in performance where occasioned by any cause of any kind or extent beyond its control, including but not limited to, armed conflict or economic dislocation resulting therefrom; embargoes; shortages of labor, raw materials, production facilities or transportation; labor difficulties; civil disorders of any kind; action of any civil or military authorities (including, priorities and allocations); fires; floods and accidents. The dates on which the obligations of the party are to be fulfilled shall be extended for a period equal to the time lost by reason of any delay arising, directly or indirectly from:

(a) Any of the foregoing causes, or

(b) Inability of a party, as a result of causes beyond its reasonable control, to obtain instruction or information from the other party in time to perform its obligations by such dates.

Section 5.6. Entire Agreement. This Agreement constitutes the entire understanding between the parties with respect to the subject matter hereof and all prior agreements or understandings shall be deemed merged herein. No representations, warranties and if certifications, express or implied, shall exist as between the parties except as stated herein.

Section 5.7. Amendments. No amendments, waivers or modifications hereof shall be made or deemed to have been made unless in writing, executed by the party to be bound thereby.

Section 5.8. Severability. If any provision in this Agreement or the application of such provision to any person or circumstance shall be invalid, illegal or unenforceable, the remainder of this Agreement or the application of such provision to persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

Section 5.9. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute this Agreement.

Section 5.10. Successors and Assigns. This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any party hereto without the prior written consent of the other party hereto, and any attempt to assign any rights or obligations arising, under this Agreement without such consent shall be void. This Agreement shall be binding, upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

Section 5.11. Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the state of Texas, without giving effect to any choice of law or conflict of law provision or rule (whether of the state of Texas or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the state of Texas.

Section 5.12. Submission to Jurisdiction; Service; Waivers. WITH RESPECT TO ANY CLAIM ARISING OUT OF THIS AGREEMENT, EACH PARTY (A) IRREVOCABLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE JURISDICTION OF THE FEDERAL OR STATE COURTS LOCATED IN DALLAS COUNTY, TEXAS (B) AGREES THAT THE VENUE FOR ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE EXCLUSIVE TO SUCH COURTS, AND (C) IRREVOCABLY WAIVES ANY OBJECTION IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN ANY SUCH COURT, IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM AND FURTHER IRREVOCABLY WAIVES THE RIGHT TO OBJECT, WITH RESPECT TO SUCH CLAIM, SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER IT. EACH PARTY HEREBY IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY OF THE AFORESAID COURTS BY THE MAILING OF COPIES OF SUCH PROCESS TO THE PARTY, BY CERTIFIED OR REGISTERED MAIL AT THE ADDRESS SPECIFIED IN SECTION 5.2.

Section 5.13. No Third-Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and should not be deemed to confer upon third parties any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 5.14. Titles and Headings. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Executed as of the Effective Date.

CONTRAN CORPORATION

By: /s/Bobby D. O'Brien

Bobby D. O'Brien, Vice President

COMPX INTERNATIONAL INC.

By: /s/David A. Bowers

David A. Bowers,
Vice Chairman of the Board,
President and Chief Executive Officer

AGREEMENT REGARDING SHARED INSURANCE

This Agreement Regarding Shared Insurance (hereinafter the "Agreement") is made as of the 30th day of October 2003, by and between

CompX International Inc. ("CompX")
Contran Corporation ("Contran");
Keystone Consolidated Industries, Inc. ("Keystone");
Kronos Worldwide, Inc. ("KI")
NL Industries, Inc. ("NL");
Titanium Metals Corp. ("Titanium Metals");
and
Valhi, Inc. ("Valhi");

(For convenience, each of the above entities and/or its subsidiaries may be referred to as a "Party," and collectively they may be referred to as the "Parties").

WITNESSETH THAT:

WHEREAS, the Parties are affiliated companies that have been, are, and in the future may be insured under a number of shared insurance policies that provide shared limits of available insurance; and

WHEREAS, although as of the date of this Agreement the Parties separately and collectively never have exhausted the total limits of insurance coverage available under any shared insurance agreement, the Parties wish to ensure that claims asserted under any of the shared insurance policies by any one Party will not unreasonably deprive other Parties of insurance that may be available to them.

AGREEMENTS:

NOW, THEREFORE, in full consideration of the foregoing and of the mutual agreements herein contained, and intending to be legally bound, the Parties agree as follows:

1. Definitions

The following definitions will apply to the listed terms wherever those terms appear throughout the Agreement as well as in any exhibits or attachments thereto. Moreover, each defined term stated in a singular form shall include the plural form, each defined term stated in plural form shall include the singular form, and each defined term stated in the masculine form or in the feminine form shall include the other.

A. "Shared Insurance Policy" shall mean any one or more of the insurance policies listed on Exhibit "A" hereto, as well as any past, present or future insurance policies that provide insurance coverage to all of the Parties to this Agreement and where the policy provides for an aggregate limit for all claims during the policy period.

B. "Covered Claim" shall mean any claim for insurance coverage that any Party may assert at any time under any Shared Insurance Policy that is covered in whole or in part under the terms and conditions of the Shared Insurance Policy in question, or that would be covered but for the fact that all available limits of insurance coverage under the Shared Insurance Policy in question already have been exhausted by another claim or claims of any Party.

C. "Reimbursed Covered Claim" shall mean any Covered Claim for which any Party actually has received a total or partial insurance coverage under any Shared Insurance Policy.

D. "Remaining Covered Claim" shall mean any Covered Claim or portion of a Covered Claim of any Party for which the available limits of insurance coverage under the Shared Insurance Policy in question already have been exhausted by a Reimbursed Covered Claim or Reimbursed Covered Claims of any Party or Parties.

2. Agreement

Whenever the available limits of insurance under any Shared Insurance Policy have been exhausted by a Reimbursed Covered Claim or Reimbursed Covered Claims submitted by one or more of the Parties, this Agreement will provide a mechanism by which the Parties will share financial responsibility for all Remaining Covered Claims.

Financial responsibility for each Remaining Covered Claim shall be divided among those Parties with Covered Claims for that policy. Each Party other than the holder of a particular Remaining Covered Claim shall indemnify and reimburse the holder of that Remaining Covered Claim for a percentage of that Remaining Covered Claim equal to the percentage of Covered Claims of the Indemnifying Party bears to the sum of all Parties' Covered Claims for the particular policy.

Any indemnification obligation required by this Agreement shall be paid within 60 days after a Party requests in writing indemnification from another Party or Parties with respect to a Remaining Covered Claim and provides a brief description of the Remaining Covered Claim, as well as identification of the Shared Insurance Policy that would, but for exhaustion of limits, provide coverage for the Remaining Covered Claim. If the insurer issuing the Shared Insurance Policy in question has taken the position that the claim would be covered and payable but for prior exhaustion of available limits of coverage, the claim conclusively will be considered by the Parties to be a Remaining Covered Claim. If the insurer issuing the Shared Insurance Policy in question has not or will not expressly state that a claim would be covered and payable but for exhaustion, the Parties will attempt in good faith to agree whether or not the claim is a Remaining Covered Claim. If the Parties cannot agree whether a claim is a Remaining Covered Claim, the question will be settled pursuant to the "Dispute Resolution" provisions of this Agreement.

3. Confidentiality

The Parties agree that all matters relating to the terms, negotiation and implementation of this Agreement, including documents and information exchanged during negotiations or relating to indemnification obligations and claims made hereunder, shall be confidential and are not to be disclosed except as required by law or regulation or by order of court or by agreement, in writing, of the Parties, except that, provided recipients agree to keep such information confidential, the Agreement may be disclosed to any officer, director, or parent corporation of any Party and any outside counsel, consultants, auditors or accountants of any Party.

In the event a private litigant, by way of document request, interrogatory, subpoena, or questioning at deposition or trial, attempts to compel disclosure of anything protected by this Section, the Party from whom disclosure is sought shall decline to provide the requested information on the ground that this Agreement prevents such disclosure. In the event such private litigant seeks an Order from any court or governmental body to compel such disclosure, or in the event that a court, government official, or governmental body (other than the Inland Revenue or Internal Revenue Service or other similar U.S. or foreign governmental taxation authorities) requests or requires disclosure of anything protected by this Agreement, the Party from whom disclosure is sought shall promptly give written notice by facsimile or hand-delivery to the other Party, and shall promptly provide copies of all notice papers, orders, requests or other documents in order to allow each Party to take such protective steps as may be appropriate in order to preserve the confidentiality of such information. Notice shall be made under this Paragraph to the persons identified in this Agreement.

4. No Modification

No change or modification of this Agreement shall be valid unless it is made in writing and signed by each of the Parties.

5. Execution

There will be two signed originals of this Agreement. This Agreement may be executed and delivered in counterparts, each of which when so executed and delivered shall be deemed an original and shall together constitute an entire Agreement. This Agreement may be executed and delivered by facsimile, each of which when so executed and delivered shall be deemed an original.

6. Governing Law

This Agreement shall be governed by and shall be construed in accordance with the laws of the State of Texas without giving effect to any choice of law or conflict of law provision or rule.

7. Dispute Resolution

A. The Parties agree to use their best efforts to resolve claims relating to this Agreement prior to instituting arbitration proceedings as set forth below. In the event such efforts are unsuccessful, the Parties agree that any controversy or claim arising out of or relating to this Agreement or any breach thereof, including without limitation, any disputes concerning the calculation of any settlement payment under this Agreement, shall be submitted to final and binding arbitration before a single arbitrator, who shall be a former judge or an attorney licensed to practice law in Texas with at least ten years' experience, and whom the Parties shall choose. If the Parties cannot agree on the arbitrator, the arbitrator shall be selected in accordance with the Commercial Arbitration Rules of the American Arbitration Association that are in effect at the time the dispute is submitted to arbitration.

B. To the extent the Parties are unable to agree, the commercial rules and procedures of the American Arbitration Association that were in effect on the date of execution of this Agreement shall apply to the arbitration. Texas law shall govern any arbitration.

C. Any arbitration conducted in accordance with this Agreement shall be conducted in Texas or such other location as the Parties may agree. The Parties shall abide by the arbitrator's award, and judgment on that award may be entered by a court of competent jurisdiction in Texas , in accordance with Texas law.

8. Notices

Unless another person is designated, in writing, for receipt of notices hereunder, notices to the respective Parties shall be sent to the following person by facsimile transmission or overnight courier:

CompX International Inc.:	Darryl R. Halbert Three Lincoln Centre 5430 LBJ Freeway Suite 1700 Dallas, Texas 75240 (972) 233-1700 phone (972) 448-1419 fax
Contran Corporation:	J. Mark Hollingsworth Three Lincoln Centre 5430 LBJ Freeway Suite 1700 Dallas, Texas 75240 (972) 233-1700 phone (972) 448-1445 fax
Keystone Consolidated Industries, Inc.	Bert D. Downing, Jr. Three Lincoln Centre 5430 LBJ Freeway Suite 1700 Dallas, Texas 75240 (972) 233-1700 phone (972) 448-1408 fax

Kronos Worldwide, Inc.	Robert D. Graham Three Lincoln Centre 5430 LBJ Freeway Suite 1700 Dallas, Texas 75240 (972) 233-1700 phone (972) 448-1445 fax
NL Industries, Inc.	Robert D. Graham Three Lincoln Centre 5430 LBJ Freeway Suite 1700 Dallas, Texas 75240 (972) 233-1700 phone (972) 448-1445 fax
Titanium Metals Corporation:	Joan Prusse 1999 Broadway Suite 4300 Denver, Colorado 80202 303-296-5600 phone 303-291-1990 fax
Valhi, Inc.:	J. Mark Hollingsworth Three Lincoln Centre 5430 LBJ Freeway Suite 1700 Dallas, Texas 75240 (972) 233-1700 phone (972) 448-1445 fax

9. Integration

This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof, and supersedes all discussions, agreements and understandings, both written and oral, among the Parties with respect thereto.

10. Severability

This Agreement shall be binding upon and inure to the benefit of the Parties hereto. In case any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby.

11. Term

This Agreement may be terminated by each of the Parties upon one (1) year's written notice to the other Parties.

12. Assignment

This Agreement shall not be assignable by any Party without the prior written consent of the other except that any successor to the Party may assume the rights and obligations of the Party under this Agreement. Nothing in this Agreement, expressed or implied, is intended to confer upon any person, other than the Parties hereto and their successors and assigns, any rights or remedies under or by reason of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives.

CompX International Inc.

By: /s/ Darryl Halbert

Its: Chief Financial Officer

Date: October 31, 2003

Contran Corporation

By: /s/ J. Mark Hollingsworth

Its: Vice President, General Counsel

Date: November 10, 2003

Keystone Consolidated Industries, Inc.

By: /s/ Bert Downing, Jr.

Its: Vice President, CFO

Date: October 28, 2003

Kronos Worldwide, Inc.

By: /s/ Robert D. Graham

Its: Vice President, General Counsel

Date: November 7, 2003

NL Industries, Inc.

By: /s/ Robert D. Graham

Its: Vice President, General Counsel

Date: November 7, 2003

Titanium Metals Corporation.

By: /s/ Joan H. Prusse

Its: Vice President, General Counsel

Date: November 7, 2003

Valhi, Inc.

By: /s/ J. Mark Hollingsworth

Its: Vice President, General Counsel

Date: November 10, 2003

EXHIBIT A

Shared Insurance Policies

1. Directors and Officers Liability (Primary and Excess)
2. Fiduciary liability
3. General Liability (U.S)
4. General Liability (Canada)
5. Excess Liability
6. Property
7. Deductible Buydown

EXHIBIT 21.1 SUBSIDIARIES OF THE REGISTRANT

Name of Corporation	Jurisdiction of Incorporation or Organization	% of Voting Securities Held at December 31, 2003
Waterloo Furniture Components Limited	Canada	100
CompX Security Products Inc.	Delaware	100
CompX Europe B.V.	the Netherlands	100
Thomas Regout Holding B.V.	the Netherlands	100
Thomas Regout Nederland B.V.	the Netherlands	100
Thomas Regout B.V.	the Netherlands	100
Thomas Regout International B.V.	the Netherlands	100
Thomas Regout U.S.A., Inc.	Michigan	100
CompX Asia Holding Corporation	Malaysia	100
Dynaslide Corporation	Taiwan	100
CompX (H.K.) Corp.	British Virgin Islands	100
CompX SFC, Inc.	Delaware	100

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the (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 CompX Contributory Retirement Plan of CompX International Inc. of our report dated February 23, 2004 relating to the financial statements which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 23, 2004 relating to the financial statement schedule, which appears in this Form 10-K.

PricewaterhouseCoopers LLP

Dallas, Texas
March 3, 2004

Exhibit 31.1

CERTIFICATION

I, David A. Bowers, the Vice Chairman of the Board, President and Chief Executive Officer of CompX International Inc., certify that:

1) I have reviewed this annual report on Form 10-K of CompX International Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d - 15(e)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2004

/s/David A. Bowers

David A. Bowers
Vice Chairman of the Board, President
and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Darryl R. Halbert, the Vice President, Chief Financial Officer and Controller of CompX International Inc., certify that:

1) I have reviewed this annual report on Form 10-K of CompX International Inc.;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to could adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 3, 2004

/s/Darryl R. Halbert

Darryl R. Halbert
Vice President, Chief Financial Officer
and Controller

Exhibit 32.1

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 Annual Report of CompX International Inc. (the Company) on Form 10-K for the period ending December 31, 2003 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 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 Executive Officer
March 3, 2004

Note: The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.

Exhibit 32.2

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 Annual Report of CompX International Inc. (the Company) on Form 10-K for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Darryl R. Halbert, Vice President, Chief Financial Officer and Controller 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, Chief Financial Officer
and Controller
March 3, 2004

Note: The certification the registrant furnishes in this exhibit is not deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section. Registration Statements or other documents filed with the Securities and Exchange Commission shall not incorporate this exhibit by reference, except as otherwise expressly stated in such filing.