SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarter ended March 31, 2001 Commission file number 1-13905

COMPX INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

Delaware	57-0981653
(State or other jurisdiction of organization)	(IRS Employer Identification No.)

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

(Address of principal executive offices) (Zip Code)

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

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

Number of shares of Class A common stock outstanding on May 4, 2001: 5,117,280.

COMPX INTERNATIONAL INC.

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COMPX INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS

(In thousands)

ASSETS	December 31, 2000	March 31, 2001
Current assets:		
Cash and cash equivalents	$ 9,820	$ 8,710
Accounts receivable	30,833	30,631
Income taxes receivable from affiliates	305	203
Refundable income taxes	2,165	996
Inventories	36,246	36,160
Prepaid expenses and other	2,408	1,999
Deferred income taxes	1,209	1,150
Total current assets	82,986	79,849
Other assets:		
Goodwill	42,213	41,188
Other intangible assets	2,646	2,623
Deferred income taxes	1,813	1,754
Other	868	743
Total other assets	47,540	46,308
Property and equipment:		
Land	5,709	5,676
Buildings	34,500	36,146
Equipment	78,357	75,794
Construction in progress	9,787	11,896
	128,353	129,512
Less accumulated depreciation	33,394	35,584
Net property and equipment	94,959	93,928
	$225,485	$220,085

COMPX INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(In thousands)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 2000	March 31, 2001
Current liabilities:		
Current maturities of long-term debt	$ 1,638	$ 413
Accounts payable and accrued liabilities	26,487	20,073
Payable to affiliate	--	94
Deferred income taxes	103	32
Income taxes	648	518
Total current liabilities	28,876	21,130
Noncurrent liabilities:		
Long-term debt	39,000	45,011
Deferred income taxes	4,852	5,170
Accrued pension costs	1,168	1,114
Other	626	807
Total noncurrent liabilities	45,646	52,102
Stockholders' equity:		
Preferred stock	--	--
Class A common stock	62	62
Class B common stock	100	100
Additional paid-in capital	119,194	119,194
Retained earnings	51,395	53,230
Accumulated other comprehensive income - currency translation	(11,123)	(14,626)
Treasury stock	(8,665)	(11,107)
Total stockholders' equity	150,963	146,853
	$ 225,485	$ 220,085

Commitments and contingencies (Note 1)

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF INCOME

Three months ended March 31, 2000 and 2001

(In thousands, except per share data)

	2000	2001
Net sales	$ 66,067	$ 59,583
Costs and expenses:		
Cost of sales	48,523	45,711
Selling, general and administrative	6,818	7,067
Other income, net	(227)	(239)
Interest expense	533	804
	55,647	53,343
Income before income taxes and minority interest	10,420	6,240
Provision for income taxes	3,855	2,515
Income before minority interest	6,565	3,725
Minority interest	(3)	--
Net income	$ 6,568	$ 3,725
Basic and diluted earnings per common share	$ .41	$ .24
Cash dividends per share	$ 0.125	$ 0.125
Shares used in the calculation of per share amounts:		
Basic earnings per common share	16,148	15,255
Dilutive impact of outstanding stock options	8	1
Diluted earnings per common share	16,156	15,256

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Three months ended March 31, 2000 and 2001

(In thousands)

2000	2001

	2000	2001
Net income	$ 6,568	$ 3,725
Other comprehensive income - currency translation adjustment, net of tax	(2,002)	(3,503)
Comprehensive income	$ 4,566	$ 222

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Three months ended March 31, 2000 and 2001

(In thousands)

	2000	2001
Cash flows from operating activities:		
Net income	$ 6,568	$ 3,725
Depreciation and amortization	3,235	3,596
Deferred income taxes	326	334
Other, net	(354)	103
	9,775	7,758
Change in assets and liabilities:		
Accounts receivable	(635)	(833)
Inventories	(2,692)	(803)
Accounts payable and accrued liabilities	(1,547)	(5,409)
Accounts with affiliates	(33)	174
Income taxes	606	1,153
Other, net	(237)	(80)
Net cash provided by operating activities	5,237	1,960
Cash flows from investing activities:		
Capital expenditures	(4,322)	(3,766)
Purchase of business unit	(9,409)	--
Other, net	263	--
Net cash used by investing activities	(13,468)	(3,766)
Cash flows from financing activities:		
Indebtedness:		
Additions	12,062	7,000
Principal payments	(375)	(2,268)
Dividends	(2,019)	(1,890)
Common stock reacquired	--	(2,442)
Issuance of common stock	36	--
Net cash provided by financing activities	9,704	400

Net increase (decrease) in cash and cash equivalents	$ 1,473	$(1,406)

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Three months ended March 31, 2000 and 2001

(In thousands)

	2000	2001
Cash and cash equivalents:		
Net change from operating, investing		
and financing activities	$ 1,473	$(1,406)
Business unit acquired	250	--
Currency translation	(175)	296
	1,548	(1,110)
Balance at beginning of period	12,169	9,820
Balance at end of period	$ 13,717	$ 8,710
Supplemental disclosures:		
Cash paid for:		
Interest	$ 453	$ 963
Income taxes	2,915	1,054
Business unit acquired - net assets consolidated:		
Cash and cash equivalents	$ 250	$ --
Goodwill and other intangible assets	2,514	--
Other non-cash assets	8,429	--
Liabilities	(1,784)	--
Cash paid	$ 9,409	$ --

COMPX INTERNATIONAL INC.

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

Three months ended March 31, 2001

(In thousands)

	Common Stock Class A	Common Stock Class B	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income - currency translation	Treasury stock	Total stockholders' equity

Balance at December 31, 2000 ..	$62	$100	$119,194	$ 51,395	$(11,123)	$ (8,665)	$ 150,963
Net income	--	--	--	3,725	--	--	3,725
Other comprehensive income, net	--	--	--	--	(3,503)	--	(3,503)
Cash dividends	--	--	--	(1,890)	--	--	(1,890)
Common stock reacquired	--	--	--	--	--	(2,442)	(2,442)
Balance at March 31, 2001	$62	$100	$119,194	$ 53,230	$(14,626)	$(11,107)	$ 146,853

COMPX INTERNATIONAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of presentation:

The consolidated balance sheet of CompX International Inc. and Subsidiaries (collectively, the "Company") at December 31, 2000 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at March 31, 2001 and the consolidated statements of income, comprehensive income, stockholders' equity and cash flows for the interim periods ended March 31, 2000 and 2001 have been prepared by the Company, without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations. Certain information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 Annual Report").

Basic earnings per share of common stock is based upon the weighted average number of common shares actually outstanding during each period. Diluted earnings per share of common stock includes the impact of outstanding dilutive stock options.

Commitments and contingencies are discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the 2000 Annual Report.

The Company is 69% owned by Valhi, Inc. (NYSE: VHI) and Valhi's wholly-owned subsidiary Valcor, Inc. Contran Corporation holds, directly or through subsidiaries, approximately 93% of Valhi's outstanding common stock. Substantially all of Contran's outstanding voting stock is held by trusts established for the benefit of certain children and grandchildren of Harold C. Simmons, of which Mr. Simmons is sole trustee. Mr. Simmons, the Chairman of the Board and Chief Executive Officer of each of Contran, Valhi and Valcor, may be deemed to control such companies and the Company.

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, effective January 1, 2001. Under SFAS No. 133, all derivatives are recognized as either assets or liabilities and measured at fair value. The accounting for changes in fair value of derivatives depends upon the intended use of the derivative, and such changes are recognized either in net income or other comprehensive income. As permitted by the transition requirements of SFAS No. 133, as amended, the Company has exempted from the scope of SFAS No. 133 all host contracts containing embedded derivatives which were issued or acquired prior to January 1, 1999. Other than certain currency forward contracts, the Company was not a party to any significant derivative or hedging instrument covered by SFAS No. 133 during the first quarter of 2001. The accounting for such currency forward contracts under SFAS No. 133 is not materially different from the accounting for such contracts under prior accounting rules, and therefore the impact to the Company of adopting SFAS No. 133 was not material.

Note 2 - Business segment information:

The Company operates in one business segment - the manufacture and sale of hardware components for office furniture and other markets. The Company's products consist of ergonomic computer systems, precision ball bearing slides and security products.

	Three months ended March 31, 2000	Three months ended March 31, 2001
	(In thousands)	
Net sales	$ 66,067	$ 59,583
Operating income	$ 10,726	$ 6,805
Interest expense	(533)	(804)
General corporate income, net	227	239
Income before income taxes	$ 10,420	$ 6,240

Note 3 - Inventories:

	December 31, 2000	March 31, 2001
	(In thousands)	
Raw materials	$11,866	$13,989
Work in process	11,454	11,617
Finished products	12,811	10,425
Supplies	115	129
	$36,246	$36,160

Note 4 - Accounts payable and accrued liabilities:

	December 31, 2000	March 31, 2001
	(In thousands)	
Accounts payable	$12,560	$ 9,257
Accrued liabilities:		
Employee benefits	7,898	7,294
Insurance	311	160
Royalties	470	279
Other	5,248	3,083

	$26,487	$20,073

Note 5 - Indebtedness:

	December 31, 2000	March 31, 2001
	(In thousands)	
Revolving bank credit facility	$39,000	$45,000
Capital lease obligations and other	1,638	424
	40,638	45,424
Less current maturities	1,638	413
	$39,000	$45,011

Note 6 - Other income:

	Three months ended March 31, 2000	2001
	(In thousands)	
Interest income	$128	$ 153
Foreign currency transactions, net	84	109
Other, net	15	(23)
	$227	$ 239

Note 7 - Provision for income taxes:

	Three months ended March 31, 2000	2001
	(In thousands)	
Expected tax expense	$ 3,647	$ 2,184
Non-U.S. tax rates	62	(97)
No tax benefit for amortization of goodwill	156	174
Other, net	(10)	254
	$ 3,855	$ 2,515

Note 8 - Foreign currency forward contracts:

Certain of the Company's sales generated by its non-U.S. operations are denominated in U.S. dollars. The Company periodically uses currency forward contracts to manage a portion of foreign exchange rate risk associated with receivables denominated in a currency other than the holder's functional currency. 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. These contracts are not accounted for as hedging instruments under SFAS No. 133. At December 31, 2000, the Company held contracts to manage such exchange rate risk to exchange an aggregate of U.S. $9.1 million for an equivalent amount of Canadian dollars at an exchange rate of Cdn. $1.482 per U.S. dollar. Such contracts matured through March 2001. At March 31, 2001, the Company did not hold any such contracts.

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

Overview

The Company reported net income of $3.7 million in the first quarter of 2001, a decrease of 43% from net income of $6.6 million for the first quarter of 2000.

Results of Operations

Net sales. Net sales decreased $6.5 million, or 10%, to $59.6 million in the first quarter of 2001 from $66.1 million in the first quarter of 2000. The decrease is principally due to decreased demand for the Company's office furniture products resulting from continued weak economic conditions in the manufacturing sector in North America and Europe, and the negative effects of fluctuations in currency exchange rates. Net sales of slide products decreased 14% in the first quarter of 2001 compared to the first quarter of 2000, and sales of ergonomic and security products decreased 2% and 8%, respectively for the same comparable periods.

Operating income. Operating income in the first quarter of 2001 was $6.8 million compared to $10.7 million for the first quarter of 2000, decreasing 37% over the first quarter of 2000. As a percentage of net sales, operating income was 11% for the first quarter of 2001 compared to 16% for the first quarter of 2000. Reductions in manufacturing fixed costs and selling, general and administrative expenses from the fourth quarter of 2000 partially offset the effect of the decline in net sales. Despite these cost reductions, the decline in volume levels and the related impact on manufacturing efficiencies together with the effects of changes in the sales mix, adversely impacted the operating income margins for the first quarter of 2001 as compared to the first quarter of 2000.

CompX has substantial operations and assets located outside the United States (principally 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 Dutch guilder, the euro and the New Taiwan dollar. In addition, approximately 60% of CompX's sales generated from its Canadian operations are denominated in the U.S. dollar. Most raw materials, labor and other production costs for such non-U.S. operations are denominated primarily in local currencies. Consequently, the translated U.S. dollar value of CompX's foreign sales and operating results are subject to currency exchange rate fluctuations which may favorably or unfavorably impact reported earnings and may affect comparability of period-to-period operating results. During the first quarter of 2001, currency exchange rate fluctuations of the Canadian dollar and the euro negatively impacted the Company's sales comparisons with the corresponding period of the prior year (principally with respect to slide products). Excluding the effect of currency, the Company's sales decreased 8% in the first quarter of 2001 compared to the corresponding period in 2000. Currency exchange rate fluctuations with respect to the Canadian dollar positively affected CompX's operating income comparisons with the corresponding period of the prior year whereas exchange rate fluctuations in the euro and other currencies did not materially impact these operating income comparisons. Excluding the effect of currency, operating income decreased 42% in the first quarter of 2001 compared to 2000.

Outlook. The current weak economic cycle is expected to continue and will resultantly have a negative impact on the Company's sales. Therefore, the Company continues implementing various cost control initiatives, including ongoing company-wide headcount rationalization efforts which have reduced headcount by 12% during the first quarter of 2001, operational cost improvements and certain reductions in selling, general and administrative expenses. These cost reduction measures are designed to minimize the adverse effect of lower sales and more favorably position the Company when the economy recovers. Nevertheless, the Company remains concerned regarding the duration and severity of the weak economic cycle and its overall impact on the Company's business.

Liquidity and Capital Resources

Consolidated cash flows

Operating activities. Trends in cash flows from operating activities, excluding changes in assets and liabilities, are generally similar to the trends in the Company's earnings. Such cash flows totaled $9.8 million and $7.8 million in the first quarter of 2000 and 2001, respectively, compared to net income of $6.6 million and $3.7 million, respectively.

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

Investing activities. Net cash used by investing activities totaled $13.5 million and $3.8 million in the first quarter of 2000 and 2001, respectively. Investing activities in the first quarter of 2000 included $9.4 million used to acquire substantially all of the operating assets of Chicago Lock Company. No such business acquisitions occurred in the first quarter of 2001.

The capital expenditures for 2001 relate primarily to capacity expansion and tooling costs at the Company's facilities and equipment additions designed to improve manufacturing efficiencies at the Company's security products and ergonomic and slide products facilities. Capital expenditures for 2001 are estimated at approximately $15 million to $18 million, the majority of which relate to projects that emphasize improved production efficiency and increased production capacity. Firm purchase commitments for capital projects not commenced at March 31, 2001 were not material.

Financing activities. Net cash provided by financing activities totaled $9.7 million and $400,000 in the first quarter of 2000 and 2001, respectively. The Company paid its regular quarterly dividend of $1.9 million, or $.125 per share, in the first quarter of 2001 and used $2.4 million to reacquire 243,100 shares of its Class A common stock. The Company also increased its borrowings under its unsecured revolving bank credit facility by a net amount of $6.0 million and repaid its short-term bank borrowing denominated in New Taiwan dollars during the first quarter of 2001.

Management believes that cash generated from operations and borrowing availability under the Company's unsecured revolving bank credit facility ($55 million available for borrowing at March 31, 2001), together with cash on hand, will be sufficient to meet the Company's liquidity needs for working capital, capital expenditures, debt service and dividends for the foreseeable future.

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

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

Part II. OTHER INFORMATION

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

(a) Exhibits

10.1 Employment agreement between Registrant and Wouter J. Dammers, effective August 30, 1999.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended March 31, 2001.

None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

COMPX INTERNATIONAL INC.

(Registrant)

Date May 10, 2001 By /s/ Stuart M. Bitting

Stuart M. Bitting
Vice President and
Chief Financial Officer

Employment Agreement

Maastricht, August 30, 1999

The undersigned:

- o CompX International Inc., represented in this matter by Mr. J. S. Compofelice, C.E.O., hereinafter to be called the "Employer"; and

- o Mr. Wouter J. Dammers, born on April 9, 1952, and residing in Heiloo the Netherlands, hereinafter to be called the "Employee";

WHEREAS:

- o The employer wishes to employ Mr. Dammers as the President of its various operations in Europe and other areas of the world, a/o as Managing Director of Thomas Regout International B.V. which company will fulfill all of Employers obligations as stated in and/or resulting from this employment contract. o The parties hereby wish to document the employment contract in writing.

HEREBY AGREE AS FOLLOWS:

1. As from September 20, 1999, Mr. Dammers will enter the company's employment. This Employment Contract is concluded for an indefinite period, but will in any event end on the day on which the Employee reaches the retirement age. The first six months of this employment will be a trial period. During that period, both parties may terminate this Employment Contract without cause or compensation.

2. Employee's duties may change from time to time at the discretion of the C.E.O. of CompX International Inc.

3. The gross annual salary is NLG 320,000 (three hundred and twenty thousand Dutch guilders), including 8% holiday allowance, which salary will be paid in 12 equal monthly installments in arrears.

4. The Employee will take part in the (performance) bonus system of CompX International Inc. The bonus scheme applicable to the Employee fully described Appendix 1 to this Employment Contract. The basic targets are the following percentages of base pay: 25% at Level A; 50% at Level B; and 75% at Level C.

5. The Employee may each year be granted employee share options with regard to shares in CompX International Inc. listed on the New York Stock Exchange. The employee share option scheme of CompX International Inc. is set out in Appendix 2 to this Employment Contract. Initial grant will be 10,000 shares subject to the approval of the Board of Directors of CompX at the next regularly scheduled meeting.

6. Employee's base salary, target bonus percentages and stock options awards will be reviewed periodically in accordance with the practices followed by CompX International Inc. for its senior executives.

7. The Employee will be reimbursed for all ordinary and necessary business expense incurred in accordance with the practices and policies at CompX International Inc. and consistent with Dutch tax regulations.

8. Employer will provide the Employee with a company car with a catalogue value of approximately NLG 100,000. All other costs will also be for the company's account. The Employee is permitted to use the car for private purposes.

9. The pension insurance rights are set out in Appendix 3, which will be attached to this Employment Contract.

10. The company has taken out collective medical expenses insurance. If the Employee takes part in this insurance, he will receive a compensation of 50% of the premium to be paid for full insurance on the basis of class 2B for the parents and class 3 for the children.

11. In the even of sickness or disablement, Employer will continue to pay the Employee his annual salary as described above for a period of one year, increased by all perquisites attached thereto, on a net basis. The rules

applicable at the company on reporting sick and on medical inspections apply accordingly.

12. Supplemental disablement insurance will be taken out in relation to the amount by which the Employee's income exceeds the income limit under the WAO (Dutch Disablement Benefits Act), without any costs being involved for the Employee. The disablement pension amounts to 70% of the difference between the most recently applicable annual salary and the most recently applicable annual wage on which the benefits under the WAO are calculated. The insured pension is subject to a maximum limit which in 1999 amounts to fl. 102,434. In the event of partial disablement, the insured pension will be proportionally lower.

13. If and in so far as the Employee can exercise any claim for damages against one or more parties on the grounds of loss of salary with regard to his disablement, the payments referred to above will be paid by way of advances, subject to the condition that the Employee assign his claims up to the amounts that he has thus received as advances to the company.

14. Accident insurance and business travel insurance policies have been taken out for employees of Employer, without any costs being involved for them.

15. The Employee is entitled to 25 days' holiday a year, as well as 13 days in connection with the reduction of working hours (ATV). Some of those days are collectively fixed each year.

16. Employee acknowledges and agrees that he will not, without the prior written consent of the Employer, at any time during the term of this Agreement or any time thereafter, except as may be required by competent legal authority or as required by the Employer to be disclosed in the course of performing Employee's duties under this Agreement for the Employer, use or disclose to any person, firm or other legal entity, any confidential records, secrets or information related to the Employer or any parent, subsidiary or affiliated person on entity (collectively, "Confidential Information"). Confidential Information shall include, without limitation, information about the Employer's Inventions, customer lists, marketing, management information systems and production processes. Employee acknowledges and agrees that all Confidential Information of Employer and/or its affiliates that he may acquire will be received in confidence and as a fiduciary of the Employer. Employee will exercise utmost diligence to protect and guard such Confidential Information. Employee agrees that he will not take with him upon the termination of his employment with Employer, any document or paper, or any photocopy or reproduction or duplication thereof, relating to any Confidential Information.

17. Employer is entitled in the Netherlands and abroad to any patents arising from inventions that the Employee may come up with during the term of his employment and for a period of one year after its termination that are related to the activities or products of Employer.

18. The Employee will make every effort to properly perform his work and will accept management positions at the request of affiliated companies without stipulating any compensation therefore. Termination of this Employment Contract automatically implies termination of the work referred to here.

19. Upon termination of this Employment Contract for reasons other than cause, the Employee shall observe a notice period of three months. Under current legislation, the notice period to be observed by Employer is six months. Severance pay in the event of termination for reasons other than cause shall be six months of base pay before move takes place and one year thereafter. Cause is defined as breach of Employee's fiduciary responsibility and in engaging in illegal activity that causes harm to the Employer. Notice of termination may be given only effective from the end of a calendar month.

20. Employee will be reimbursed for the actual cost of moving to the Maastricht general area including the normal cost of removal, commission and fees.

21. The Employee's work area covers several countries, but under this Employment Contract the Netherlands must be regarded as his operational base, which means that this Employment Contract is governed by Dutch law.

Agreed in Maastricht, the Netherlands, and drawn up in three original copies on August 30, 1999.

CompX International Inc. Employee

/s/ Joseph S. Compofelice /s/ Wouter J. Dammers

Joseph S. Compofelice
Chief Executive Officer

Wouter J. Dammers

Appendix III to the Employment Contract concluded between CompX International Inc. and Mr. Wouter J. Dammers

Pension

The pension insurance has been placed with the pension fund for the Metal Industry PMI, up to the maximum amount to be insured at that pension fund.

The pensionable salary is set at the total gross annual income, minus the fixed amount (10/7 x AOW (benefits under the Dutch General Old Age Pensions Act) for married persons).

The pension rights under the pension fund of the Metal Industry PMI are:

a. an old age pension commencing at the age of 65, amounting to 1.75% of the pensionable salary for each fictitious year of service yet to be worked until the age of 65;

b. a widow's pension, amounting to 70% of the old age pension;

c. an orphans' pension, amounting to 20% of the insured widow's pension per orphan, or to 40% in the even of full orphans, to be paid until the orphan reaches the age of 18. At present, 7.6% of the premium due is payable by the Employee.

You will not take part in our supplemental collective pension insurance, but will continue an existing private policy. After the commencement of your employment, that policy may be amended only with the Employer's permission.

All premiums are split 2/3 Employer, 1/3 Employee.
The premiums payable by you will be paid by means of monthly withholdings from your salary.