

COMPX INTERNATIONAL INC
Form 10-Q
August 03, 2011
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarter ended June 30, 2011

Commission file number 1-13905

COMPX INTERNATIONAL INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of

Incorporation or organization)

57-0981653
(IRS Employer

Identification No.)

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5430 LBJ Freeway, Suite 1700,

Three Lincoln Centre, Dallas, Texas
(Address of principal executive offices)

75240-2697
(Zip Code)

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

Indicate by checkmark:

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 (or for such a shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Number of shares of common stock outstanding on July 28, 2011:

Class A:	2,386,107
Class B:	10,000,000

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COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2010	June 30, 2011 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,919	\$ 5,149
Accounts receivable, net	14,601	17,630
Inventories, net	18,424	20,656
Prepaid and other	1,050	2,166
Deferred income taxes	2,366	2,366
Promissory note receivable	15,000	15,000
Total current assets	65,360	62,967
Other assets:		
Goodwill	31,452	31,546
Other intangible assets	840	576
Assets held for sale	2,415	2,419
Other assets	102	113
Total other assets	34,809	34,654
Property and equipment:		
Land	12,646	12,758
Buildings	39,934	40,387
Equipment	123,725	125,140
Construction in progress	965	1,483
	177,270	179,768
Less accumulated depreciation	117,367	121,462
Net property and equipment	59,903	58,306
Total assets	\$ 160,072	\$ 155,927

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(In thousands)

	December 31, 2010	June 30, 2011 (unaudited)
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current maturities of note payable to affiliate	\$ 1,000	\$ 1,000
Accounts payable and accrued liabilities	16,182	14,523
Interest payable to affiliate	876	4
Income taxes payable to affiliate	1,087	229
Income taxes	907	1,790
 Total current liabilities	 20,052	 17,546
Noncurrent liabilities:		
Long-term debt	44,230	36,730
Deferred income taxes	11,889	14,570
Other noncurrent liabilities	6	8
 Total noncurrent liabilities	 56,125	 51,308
Stockholders equity:		
Preferred stock		
Class A common stock	24	24
Class B common stock	100	100
Additional paid-in capital	54,982	55,153
Retained earnings	16,486	19,012
Accumulated other comprehensive income	12,303	12,784
 Total stockholders equity	 83,895	 87,073
 Total liabilities and stockholders equity	 \$ 160,072	 \$ 155,927
Commitments and contingencies (Note 10)		

See accompanying Notes to Condensed Consolidated Financial Statements.

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	Three months ended June 30,		Six months ended June 30,	
	2010	2011	2010	2011
	(Unaudited)			
Net sales	\$ 34,385	\$ 35,241	\$ 67,184	\$ 70,018
Cost of goods sold	25,530	25,406	49,231	51,502
Gross profit	8,855	9,835	17,953	18,516
Selling, general and administrative expense	5,544	5,902	11,338	12,061
Other operating income (expense):				
Litigation settlement gain				7,468
Litigation expense	(373)		(1,941)	(227)
Facility consolidation costs		(795)		(1,798)
Operating income	2,938	3,138	4,674	11,898
Other non-operating income, net	80	128	102	257
Interest expense	(223)	(187)	(420)	(399)
Income before income taxes	2,795	3,079	4,356	11,756
Provision for income taxes	1,075	1,448	3,599	6,135
Net income	\$ 1,720	\$ 1,631	\$ 757	\$ 5,621
Basic and diluted income per common share	\$.14	\$.13	\$.06	\$.45
Cash dividends per share	\$.125	\$.125	\$.25	.25
Shares used in the calculation of basic and diluted income per share	12,373	12,381	12,371	12,378

See accompanying Notes to Condensed Consolidated Financial Statements.

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COMPX INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Six months ended June 30, 2010 2011 (unaudited)	
Cash flows from operating activities:		
Net income	\$ 757	\$ 5,621
Depreciation and amortization	3,923	3,416
Deferred income taxes	462	2,556
Other, net	463	319
Change in assets and liabilities:		
Accounts receivable, net	(5,206)	(2,946)
Inventories, net	(2,098)	(2,329)
Accounts payable and accrued liabilities	640	(2,777)
Accounts with affiliates	2,405	(804)
Income taxes	332	876
Other, net	(622)	(1,102)
Net cash provided by operating activities	1,056	2,830
Cash flows from investing activities:		
Capital expenditures	(1,209)	(1,271)&nb