

COMPX INTERNATIONAL INC
Form 10-Q
November 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 September 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 October 28, 2011:

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

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Items 2, 3, 4 and 5 of Part II are omitted because there is no information to report.

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COMPX INTERNATIONAL INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	December 31, 2010	September 30, 2011 (unaudited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 13,919	\$ 8,533
Accounts receivable, net	14,601	16,625
Inventories, net	18,424	19,982
Prepaid and other	1,050	1,287
Deferred income taxes	2,366	2,352
Promissory note receivable	15,000	15,000
Total current assets	65,360	63,779
Other assets:		
Goodwill	31,452	34,026
Other intangible assets	840	2,279
Assets held for sale	2,415	6,661
Other assets	102	94
Total other assets	34,809	43,060
Property and equipment:		
Land	12,646	11,242
Buildings	39,934	32,148
Equipment	123,725	123,292
Construction in progress	965	1,122
	177,270	167,804
Less accumulated depreciation	117,367	116,709
Net property and equipment	59,903	51,095
Total assets	\$ 160,072	\$ 157,934

Table of Contents**COMPX INTERNATIONAL INC.****CONDENSED CONSOLIDATED BALANCE SHEETS (CONTINUED)****(In thousands)**

	December 31, 2010	September 30, 2011 (unaudited)
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current maturities of long-term debt	\$ 1,000	\$ 5,842
Accounts payable and accrued liabilities	16,182	14,896
Interest payable to affiliate	876	3
Income taxes payable to affiliate	1,087	1,174
Income taxes	907	1,436
 Total current liabilities	 20,052	 23,351
Noncurrent liabilities:		
Long-term debt	44,230	36,480
Deferred income taxes	11,889	12,834
Other noncurrent liabilities	6	775
 Total noncurrent liabilities	 56,125	 50,089
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	18,551
Accumulated other comprehensive income	12,303	10,666
 Total stockholders equity	 83,895	 84,494
 Total liabilities and stockholders equity	 \$ 160,072	 \$ 157,934
Commitments and contingencies (Note 9)		

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**COMPX INTERNATIONAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands, except per share data)**

	Three months ended September 30,		Nine months ended September 30,	
	2010	2011	2010	2011
	(unaudited)			
Net sales	\$ 35,740	\$ 35,736	\$ 102,924	\$ 105,755
Cost of goods sold	26,042	27,202	75,272	78,704
Gross profit	9,698	8,534	27,652	27,051
Selling, general and administrative expense	5,901	5,745	17,239	17,807
Other operating income (expense):				
Assets held for sale write-down	(500)	(1,135)	(500)	(1,135)
Litigation settlement gain				7,468
Litigation expense	(158)		(2,100)	(227)
Facility consolidation costs		(175)		(1,973)
Operating income	3,139	1,479	7,813	13,377
Other non-operating income, net	119	127	221	385
Interest expense	(263)	(218)	(683)	(617)
Income before income taxes	2,995	1,388	7,351	13,145
Provision for income taxes	1,325	302	4,924	6,437
Net income	\$ 1,670	\$ 1,086	\$ 2,427	\$ 6,708
Basic and diluted income per common share	\$.13	\$.09	\$.20	\$.54
Cash dividends per share	\$.125	\$.125	\$.375	\$.375
Shares used in the calculation of basic and diluted income per share	12,375	12,386	12,373	12,381

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**COMPX INTERNATIONAL INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands)**

	Nine months ended September 30, 2010 2011 (unaudited)	
Cash flows from operating activities:		
Net income	\$ 2,427	\$ 6,708
Depreciation and amortization	5,871	5,259
Assets held for sale write-down	500	1,135
Deferred income taxes	(421)	885
Other, net	560	488
Change in assets and liabilities (net of effect of acquisition):		
Accounts receivable, net	(5,784)	(1,886)
Inventories, net	(2,144)	(872)
Accounts payable and accrued liabilities	270	(3,176)
Accounts with affiliates	3,090	141
Income taxes	2,360	585
Other, net	(910)	(950)