

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

CENTRAL SECURITIES CORP  
Form N-CSRS  
August 08, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act File Number 811-179

Name of registrant as specified in charter: Central Securities Corporation

Address of principal executive offices:

630 Fifth Avenue  
Suite 820  
New York, New York 10111

Name and address of agent for service:

Central Securities Corporation, Wilmot H. Kidd, President  
630 Fifth Avenue  
Suite 820  
New York, New York 10111

Registrant's telephone number, including area code: 212-698-2020

Date of fiscal year end: December 31, 2005

Date of reporting period: June 30, 2005

Item 1. Reports to Stockholders.

=====  
CENTRAL SECURITIES CORPORATION

-----  
SEMI-ANNUAL REPORT

JUNE 30, 2005  
=====

CENTRAL SECURITIES CORPORATION

(Organized on October 1, 1929 as an investment company,  
registered as such with the Securities and Exchange  
Commission under the provisions of the Investment  
Company Act of 1940.)

TEN YEAR HISTORICAL DATA

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Year	Total net assets	Convertible Preference Stock (A)	Per Share of Common Stock				Net realized investment gain
			Net asset value	Net investment income (B)	Dividends (C)	Distributions (C)	
1994	\$226,639,144	\$9,687,575	\$17.60				
1995	292,547,559	9,488,350	21.74	\$ .31	\$.33	\$1.60	\$ 20,112,563
1996	356,685,785	9,102,050	25.64	.27	.28	1.37	18,154,136
1997	434,423,053	9,040,850	29.97	.24	.34	2.08	30,133,125
1998	476,463,575	8,986,125	31.43	.29	.29	1.65	22,908,091
1999	590,655,679	--	35.05	.26	.26	2.34	43,205,449
2000	596,289,086	--	32.94	.32	.32	4.03	65,921,671
2001	539,839,060	--	28.54	.18	.22	1.58*	13,662,612
2002	361,942,568	--	18.72	.14	.14	1.11	22,869,274
2003	478,959,218	--	24.32	.09	.11	1.29	24,761,313
2004	529,468,675	--	26.44	.11	.11	1.21	25,103,157
Six mos. to June 30, 2005**	567,123,767	--	28.40	.22	.03	.17	33,035,041

A - At liquidation preference.

B - Excluding gains or losses realized on sale of investments and the dividend requirement on the Convertible Preference Stock which was redeemed on August 1, 1999.

C - Computed on the basis of the Corporation's status as a "regulated investment company" for Federal income tax purposes. Dividends are from undistributed net investment income. Distributions are from long-term investment gains.

\* Includes a non-taxable return of capital of \$.55.

\*\* Unaudited.

The Common Stock is listed on the American Stock Exchange. On June 30, 2005 the market quotations were as follows:

Common Stock..... \$24.15 low, \$24.33 high  
and \$24.19 last sale

[2]

To the Stockholders of  
CENTRAL SECURITIES CORPORATION:

Financial statements for the six months ended June 30, 2005 reviewed by our independent accountants and other pertinent information are submitted herewith.

Comparative net assets are as follows:

June 30,  
2005

December

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

	(Unaudited) -----	2004 ----
Net assets.....	\$567,123,767	\$529,468,
Net assets per share of Common Stock.....	28.40	26
Shares of Common Stock outstanding.....	19,966,909	20,023,

Comparative operating results are as follows:

	Six months ended June 30	
	2005 (Unaudited) -----	2004 (Unaudited) -----
Net investment income.....	\$ 4,385,014	\$ 1,648,
Per share of Common Stock.....	.22*	
Net realized gain on sale of investments.....	33,035,041	23,778,
Increase in net unrealized appreciation of investments.....	5,539,894	27,197,
Increase in net assets resulting from operations.....	42,959,949	52,625,

-----

\* Per-share data are based on the average number of Common shares outstanding.

A dividend of \$.20 per share of Common Stock was paid on June 24, 2005. Stockholders will be sent a notice concerning the taxability of all 2005 distributions in January 2006.

During the first six months of 2005 the Corporation repurchased 56,300 shares of its Common Stock at an average price per share of \$23.28. The Corporation may from time to time purchase Common Stock in such amounts and at such prices as the Board of Directors may deem advisable in the best interests of stockholders. Purchases may be made on the American Stock Exchange or in transactions directly with stockholders.

We are pleased to report that on June 22, 2005, Mr. Simms C. Browning was elected to the Board of Directors. He retired from Neuberger Berman, LLC after a long career in institutional sales and money management including a number of years as research director.

Stockholders' inquiries are welcome.

CENTRAL SECURITIES CORPORATION

WILMOT H. KIDD, President

630 Fifth Avenue  
New York, NY 10111  
July 27, 2005

[3]

TEN LARGEST INVESTMENTS  
June 30, 2005

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

(Unaudited)

	Cost	Value	% of Net Assets	Year First Acquired
	-----	-----	-----	-----
	(millions)			
The Plymouth Rock Company, Inc.....	\$ 2.2	\$108.5	19.1%	1982
Murphy Oil Corporation.....	3.7	31.3	5.5	1974
Brady Corporation.....	1.9	27.0	4.8	1984
Unocal Corporation.....	14.7	26.0	4.6	2004
Intel Corporation.....	0.4	25.5	4.5	1986
Capital One Financial Corporation.....	1.5	24.8	4.4	1994
Convergys Corporation.....	28.6	24.6	4.3	1998
TransMontaigne Inc.....	14.4	20.2	3.6	2005
The TriZetto Group, Inc.....	6.9	17.4	3.1	2002
Analog Devices, Inc.....	0.5	16.0	2.8	1987

DIVERSIFICATION OF INVESTMENTS

June 30, 2005  
(Unaudited)

	Issues	Value	Cost	Percent of Net Assets	
	-----	-----	-----	-----	-----
				June 30, 2005	Decemb 200
Common Stocks:					
Insurance.....	2	\$109,042,500	\$ 2,610,297	19.2%	20.
Energy.....	6	98,697,975	47,071,096	17.4	13.
Electronics.....	7	82,314,900	34,296,240	14.5	12.
Information Technology Services.....	5	65,421,158	62,868,404	11.5	15.
Banking and Finance.....	3	51,544,100	20,671,157	9.1	11.
Manufacturing.....	3	51,059,650	18,390,858	9.0	9.
Health Care.....	5	20,048,000	20,027,285	3.5	3.
Chemicals.....	3	19,844,500	16,188,926	3.5	3.
Other.....	5	11,385,551	9,983,998	2.1	1.
Short-Term Investments.....	8	57,389,473	57,389,473	10.1	8.

[4]

PRINCIPAL PORTFOLIO CHANGES

April 1 to June 30, 2005

(Unaudited)

(Common Stock unless specified otherwise)

Number of Shares

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

	Purchased	Sold	Held June 30 2005
	-----	----	----
Agilent Technologies, Inc.....	50,000		600,000
Aerogroup International, Inc.....	28,751 (a)		28,751
aQuantive, Inc.....	10,000		10,000
Arbinet-thexchange, Inc.....	500,000		500,000
Arch Capital Group Ltd.....		100,000	-
Brady Corporation.....	505,000 (b)	140,000	870,000
Ceridian Corporation.....		21,400	378,600
Convergys Corporation.....	40,000		1,730,000
Cypress Semiconductor Corporation.....	200,000		200,000
Dover Corporation.....	70,000		260,000
The Dow Chemical Company.....	100,000		100,000
Fifth Third Bancorp.....	15,000		300,000
Flextronics International Ltd.....		210,000	1,000,000
Kerr-McGee Corporation.....		80,649	139,351
Murphy Oil Corporation.....	300,000 (b)		600,000
Nexen Inc.....	70,000 (b)		140,000
Solectron Corporation.....	1,000,000		2,000,000
TransMontaigne Inc.....	925,000		1,925,000

-----

(a) Received from Grumman Hill Investments, L.P.

(b) Stock split.

[5]

STATEMENT OF INVESTMENTS

June 30, 2005

(Unaudited)

PORTFOLIO SECURITIES 89.8%

STOCKS (COMMON UNLESS SPECIFIED OTHERWISE)

Prin. Amt. or Shares		Value
-----		-----
	Banking and Finance 9.1%	
500,000	The Bank of New York Company, Inc.....	\$ 14,390,000
310,000	Capital One Financial Corporation.....	24,803,100
300,000	Fifth Third Bancorp.....	12,351,000
		-----
		51,544,100
		-----
	Business Services 0.6%	
10,000	aQuantive, Inc.(a).....	177,200
500,000	Arbinet-thexchange, Inc.(a).....	3,350,000
		-----
		3,527,200
		-----

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

	Chemicals 3.5%	
100,000	The Dow Chemical Company.....	4,453,000
1,275,000	PolyOne Corporation(a).....	8,440,500
150,000	Rohm and Haas Company.....	6,951,000
		-----
		19,844,500
		-----
	Communications 0.7%	
900,000	Cincinnati Bell Inc. (a).....	3,870,000
		-----
	Electronics 14.5%	
600,000	Agilent Technologies, Inc. (a).....	13,812,000
430,000	Analog Devices, Inc.....	16,043,300
200,000	Cypress Semiconductor Corporation(a).....	2,518,000
1,000,000	Flextronics International Ltd. (a).....	13,210,000
980,000	Intel Corporation.....	25,499,600
200,000	Motorola, Inc.....	3,652,000
2,000,000	Solectron Corporation(a).....	7,580,000
		-----
		82,314,900
		-----
	Energy 17.4%	
139,351	Kerr-McGee Corporation.....	10,633,875
320,000	McMoRan Exploration Co. (a).....	6,243,200
600,000	Murphy Oil Corporation.....	31,338,000
140,000	Nexen Inc. (a).....	4,250,400
1,925,000	TransMontaigne Inc. (a).....	20,212,500
400,000	Unocal Corporation.....	26,020,000
		-----
		98,697,975
		-----
	Health Care 3.5%	
100,000	Abbott Laboratories.....	4,901,000
100,000	Merck & Co. Inc.....	3,080,000
100,000	Pfizer Inc.....	2,758,000
450,000	Schering-Plough Corporation.....	8,577,000
150,000	Vical Inc. (a).....	732,000
		-----
		20,048,000
		-----

[6]

Prin. Amt. or Shares -----		Value -----
	Information Technology Services 11.5%	
400,000	Accenture Ltd. (a).....	\$ 9,068,000
378,600	Ceridian Corporation(a).....	7,375,128
1,730,000	Convergys Corporation(a).....	24,600,600
1,243,000	The TriZetto Group, Inc. (a).....	17,414,430
1,100,000	Unisys Corporation(a).....	6,963,000
		-----
		65,421,158
		-----

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

	Insurance 19.2%		
10,000	Erie Indemnity Co. Class A.....		542,500
70,000	The Plymouth Rock Company, Inc. Class A(b) (c) ..		108,500,000
			-----
			109,042,500
			-----
	Manufacturing 9.0%		
870,000	Brady Corporation Class A.....		26,970,000
260,000	Dover Corporation.....		9,458,800
205,000	Roper Industries, Inc.....		14,630,850
			-----
			51,059,650
			-----
	Retail Trade 0.1%		
28,751	Aerogroup International, Inc. (a) (c).....		373,763
			-----
	Transportation 0.7%		
531,557	Transport Corporation of America, Inc. Class B(a) (b).....		3,614,588
			-----
	Miscellaneous 0.0%		
	Grumman Hill Investments, L.P. (a) (c).....		0
			-----
	Total Portfolio Securities (cost \$232,108,261).....		509,358,334
			-----
	SHORT-TERM INVESTMENTS 10.1%		
	Commercial Paper 4.6%		
\$17,457,000	American Express Credit Corporation 2.8807% - 3.0828% due 7/6/05 - 8/10/05.....		17,427,991
8,958,000	General Electric Capital Corporation 2.9333% - 3.0123% due 7/27/05 - 8/3/05.....		8,935,460
			-----
			26,363,451
			-----
31,164,000	U.S. Treasury Bills 5.5% 31,164,000 U.S. Treasury Bills 2.7024% - 3.0046% due 7/21/05 - 9/29/05.....		31,026,022
			-----
	Total Short-Term Investments (cost \$57,389,473).....		57,389,473
			-----
	Total Investments (cost \$289,497,734) (99.9%).....		566,747,807
	Cash, receivables and other assets less liabilities (0.1%).....		375,960
			-----
	Net Assets (100%).....		\$567,123,767
			=====

-----  
(a) Non-dividend paying.

(b) Affiliate as defined in the Investment Company Act of 1940.

(c) Valued at estimated fair value.

See accompanying notes to financial statements and  
independent accountants' review report.

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

[7]

STATEMENT OF ASSETS AND LIABILITIES  
June 30, 2005  
(Unaudited)

ASSETS:

Investments:

General portfolio securities at market value (cost \$228,652,129) (Note 1).....	\$397,243,746	
Securities of affiliated companies (cost \$3,456,132) (Notes 1, 5 and 6).....	112,114,588	
Short-term investments (cost \$57,389,473).....	57,389,473	\$566,747,

Cash, receivables and other assets:

Cash.....	872,784	
Dividends and interest receivable.....	204,683	
Office equipment and leasehold improvements, net.....	503,186	
Other assets.....	164,775	1,745,

Total Assets..... 568,493,

LIABILITIES:

Payable for securities purchased.....	1,187,680	
Accrued expenses and reserves.....	181,788	

Total Liabilities..... 1,369,

NET ASSETS..... \$567,123,

NET ASSETS are represented by:

Common Stock \$1 par value: authorized 30,000,000 shares; issued 20,023,209 (Note 2).....		\$20,023,
--	--	-----------

Surplus:

Paid-in.....	\$234,314,820	
Undistributed net gain on sales of investments.....	33,033,265	
Undistributed net investment income.....	3,812,795	271,160,

Net unrealized appreciation of investments..... 277,250,

Treasury stock, at cost (56,300 shares of Common Stock)  
(Note 2)..... (1,310,

NET ASSETS..... \$567,123,

NET ASSET VALUE PER COMMON SHARE

(19,966,909 shares outstanding)..... \$28.40

See accompanying notes to financial statements and independent accountants' review report.

[8]

STATEMENT OF OPERATIONS  
For the six months ended June 30, 2005  
(Unaudited)



Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

INVESTMENT INCOME

Income:

Dividends (net of foreign withholding taxes of \$1,707).....	\$ 4,840,435	
Interest.....	719,960	\$ 5,560,
	-----	

Expenses:

Administration and operations.....	284,250	
Investment research.....	248,250	
Occupancy costs.....	228,297	
Franchise and miscellaneous taxes.....	81,750	
Listing, software and sundry fees.....	63,069	
Insurance.....	56,221	
Directors' fees.....	52,750	
Stationery, supplies, printing and postage.....	30,731	
Legal, auditing and tax fees.....	24,000	
Publications.....	22,955	
Travel and telephone.....	20,340	
Transfer agent and registrar fees and expenses.....	16,541	
Custodian fees.....	15,451	
Employees' retirement plans.....	7,250	
Miscellaneous.....	23,526	1,175,
	-----	-----

Net investment income..... 4,385,

NET REALIZED AND UNREALIZED GAIN

ON INVESTMENTS

Net realized gain from security transactions.....	33,035,041	
Net increase in unrealized appreciation of investments.....	5,539,894	
	-----	
Net gain on investments.....		38,574,
		-----

NET INCREASE IN NET ASSETS RESULTING FROM

OPERATIONS..... \$42,959, =====

See accompanying notes to financial statements and independent accountants' review report.

[9]

STATEMENTS OF CHANGES IN NET ASSETS  
For the six months ended June 30, 2005  
and the year ended December 31, 2004

	Six months ended June 30, 2005 (Unaudited)	Year en December 2004
	-----	-----
FROM OPERATIONS:		
Net investment income.....	\$ 4,385,014	\$ 2,073,

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Net realized gain on investments.....	33,035,041	25,103,
Net increase in unrealized appreciation of investments.....	5,539,894	42,322,
	-----	-----
Increase in net assets resulting from operations.....	42,959,949	69,498,
	-----	-----
DISTRIBUTIONS TO STOCKHOLDERS FROM:		
Net investment income.....	(669,903)	(2,177,
Net realized gain from investment transactions.....	(3,324,559)	(23,622,
	-----	-----
Decrease in net assets from distributions.....	(3,994,462)	(25,800,
	-----	-----
FROM CAPITAL SHARE TRANSACTIONS: (Note 2)		
Distribution to stockholders reinvested in Common Stock.....	--	10,682
Cost of shares of Common Stock repurchased.....	(1,310,395)	(3,871,
	-----	-----
Increase (decrease) in net assets from capital share transactions.....	(1,310,395)	6,810,
	-----	-----
Total increase in net assets.....	37,655,092	50,509,
NET ASSETS:		
Beginning of period.....	529,468,675	478,959,
	-----	-----
End of period (including undistributed net investment income of \$3,812,795 and \$97,684, respectively).....	\$567,123,767	\$529,468,
	=====	=====

See accompanying notes to financial statements and independent accountants' review report.

[10]

NOTES TO FINANCIAL STATEMENTS -- (unaudited)

1. Significant Accounting Policies -- The Corporation is registered under the Investment Company Act of 1940, as amended, as a non-diversified, closed-end management investment company. The following is a summary of the significant accounting policies consistently followed by the Corporation in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America.

Security Valuation -- Securities are valued at the last sale price or, if unavailable, at the closing bid price. Corporate discount notes are valued at amortized cost, which approximates market value. Securities for which no ready market exists, including The Plymouth Rock Company, Inc. Class A Common Stock, are valued at estimated fair value by the Board of Directors.

Federal Income Taxes -- It is the Corporation's policy to meet the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its taxable income to its stockholders. Therefore, no Federal income taxes have been accrued.

Use of Estimates -- The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

## Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Other -- Security transactions are accounted for on the date the securities are purchased or sold, and cost of securities sold is determined by specific identification. Dividend income and distributions to stockholders are recorded on the ex-dividend date.

2. Common Stock -- The Corporation repurchased 56,300 shares of its Common Stock in the first six months of 2005 at an average price of \$23.28 per share, representing an average discount from net asset value of 14.34%. It may from time to time purchase Common Stock in such amounts and at such prices as the Board of Directors may deem advisable in the best interests of the stockholders. Purchases will only be made at less than net asset value per share, thereby increasing the net asset value of shares held by the remaining stockholders. Shares so acquired may be held as treasury stock, used in optional stock distributions, or retired.

3. Investment Transactions -- The aggregate cost of securities purchased and the aggregate proceeds of securities sold during the six months ended June 30, 2005 (excluding short-term investments), were \$49,000,916 and \$62,870,467, respectively.

As of June 30, 2005, based on cost for Federal income tax purposes, the aggregate gross unrealized appreciation and depreciation for all securities were \$299,712,369 and \$22,462,296, respectively.

4. Operating Expenses -- The aggregate remuneration paid during the six months ended June 30, 2005 to officers and directors amounted to \$600,250, of which \$52,750 was paid as fees to directors who were not officers. Benefits to employees are provided through a profit sharing retirement plan. Contributions to the plan are made at the discretion of the Board of Directors, and each participant's benefits vest after three years. No contributions were made to the plan for the six months ended June 30, 2005.

[11]

### NOTES TO FINANCIAL STATEMENTS -- continued (unaudited)

5. Affiliates -- The Plymouth Rock Company, Inc. and Transport Corporation of America, Inc. are affiliates as defined in the Investment Company Act of 1940. The Corporation received dividends of \$3,059,000 from affiliates during the six months ended June 30, 2005. Unrealized appreciation related to affiliates increased by \$14,607,383 for the six months ended June 30, 2005 to \$108,658,456.

6. Restricted Securities -- The Corporation from time to time invests in securities the resale of which is restricted. On June 30, 2005 such investments had an aggregate value of \$108,873,763, which was equal to 19.2% of the Corporation's net assets. Investments in restricted securities at June 30, 2005, including acquisition dates and cost, were:

Company	Shares	Security	Date Purchased	Cos
Aerogroup International, Inc. (received from Grumman Hill Investments as a final investment distribution)	28,751	Common Stock	6/21/05	\$ 17

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Grumman Hill Investments, L.P.		Limited Partnership Interest	9/11/85	
The Plymouth Rock Company, Inc.	70,000	Class A Common Stock	12/15/82 6/9/84	1,500 699

The Corporation does not have the right to demand registration of the restricted securities. Unrealized appreciation related to restricted securities increased by \$15,564,753 for the six months ended June 30, 2005 to \$106,656,577.

7. Operating Lease Commitment -- The Corporation has entered into an operating lease for office space which expires in 2014 and provides for future minimum rental payments in the aggregate amount of approximately \$3.0 million. The lease agreement contains escalation clauses relating to operating costs and real property taxes. Future minimum rental commitments under the lease for the next five years are \$157,121 for 2005, \$314,241 for 2006 through 2008 and \$329,172 for 2009.

[12]

FINANCIAL HIGHLIGHTS

	Six Mos. Ended June 30, 2005 (Unaudited)	2004	2003	2002	2001	2000
	-----	-----	-----	-----	-----	-----
Per Share Operating Performance						
Net asset value, beginning of period	\$ 26.44	\$ 24.32	\$ 18.72	\$ 28.54	\$ 32.94	\$ 36.44
Net investment income*	.22	.11	.09	.14	.18	.18
Net realized and unrealized gain (loss) on securities	1.94	3.33	6.91	(8.71)	(2.78)	(1.11)
	-----	-----	-----	-----	-----	-----
Total from investment operations	2.16	3.44	7.00	(8.57)	(2.60)	(1.03)
Less:						
Dividends from net investment income**	.03	.11	.11	.14	.22	.22
Distributions from capital gains**	.17	1.21	1.29	1.11	1.03	1.03
Return of capital**	--	--	--	--	.55	.55
	-----	-----	-----	-----	-----	-----
Total distributions	.20	1.32	1.40	1.25	1.80	1.80
	-----	-----	-----	-----	-----	-----
Net asset value, end of period	\$ 28.40	\$ 26.44	\$ 24.32	\$ 18.72	\$ 28.54	\$ 36.44
	=====	=====	=====	=====	=====	=====
Per share market value,						
end of period	\$ 24.19	\$ 22.85	\$ 20.89	\$ 16.28	\$ 25.31	\$ 28.54
Total investment return, market (%)	7.32	16.16	36.22	(31.23)	(2.42)	1.03
Total investment return, NAV(%)	8.18	15.40	39.32	(29.43)	(6.54)	1.03
Ratios/Supplemental Data:						
Net assets, end of period(000)	\$567,124	\$529,469	\$478,959	\$361,943	\$539,839	\$596,124
Ratio of expenses to average net assets(%)	.43+	.55	.56	.50	.45	.45
Ratio of net investment income to						

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

average net assets(%).....	1.05+	.41	.42	.57	.60
Portfolio turnover rate(%).....	20.21+	16.72	12.90	19.50	10.32

-----  
\* Per-share data are based on the average number of shares outstanding during the period.

\*\* Computed on the basis of the Corporation's status as a "regulated investment company" for Federal income tax purposes.

+ Annualized, not necessarily indicative of full year ratio.

See accompanying notes to financial statements and independent accountants' review report.

[13]

-----  
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF  
CENTRAL SECURITIES CORPORATION

We have reviewed the accompanying statement of assets and liabilities, including the statement of investments, of Central Securities Corporation as of June 30, 2005, and the related statements of operations, changes in net assets and financial highlights for the six-month period ended June 30, 2005. These financial statements are the responsibility of the management of Central Securities Corporation.

We have conducted our review in accordance with standards established by the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards established by the Public Company Accounting Oversight Board (United States), the statement of changes in net assets for the year ended December 31, 2004, and financial highlights for each of the five years in the period ended December 31, 2004, and in our report dated January 26, 2005 we expressed an unqualified opinion on those financial statements.

KPMG LLP

New York, NY  
July 27, 2005

## Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

[14]

### Annual Meeting of Stockholders

The annual meeting of stockholders of the Corporation was held on March 9, 2005. At the meeting all of the directors of the Corporation were reelected by the following vote of the holders of the Common Stock: Donald G. Calder, 17,794,414 shares in favor, 347,753 shares withheld; Jay R. Inglis, 17,781,974 shares in favor, 360,193 shares withheld; Dudley D. Johnson, 17,793,374 shares in favor, 348,793 shares withheld; Wilmot H. Kidd, 17,641,668 shares in favor, 500,799 shares withheld; and C. Carter Walker, Jr., 17,792,168 shares in favor, 349,999 shares withheld.

In addition, the selection of KPMG LLP as independent auditors of the Corporation for the year 2005 was ratified by the following vote of the holders of the Common Stock: 18,056,248 shares in favor, 41,959 shares against, 43,960 shares abstaining.

### Proxy Voting Policies and Procedures

The policies and procedures used by the Corporation to determine how to vote proxies relating to portfolio securities and the Corporation's proxy voting record for the twelve-month period ended June 30, 2005 are available: (1) without charge, upon request, by calling us at our toll-free telephone number (1-866-593-2507), (2) on the Corporation's website at [www.centralsecurities.com](http://www.centralsecurities.com) and (3) on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

### Quarterly Portfolio Information

The Corporation files its complete schedule of portfolio holdings with the SEC for the first and the third quarter of each fiscal year on Form N-Q. The Corporation's Form N-Q filings are available on the SEC's website at [www.sec.gov](http://www.sec.gov). Those forms may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

[15]

### BOARD OF DIRECTORS

Jay R. Inglis, Chairman  
Simms C. Browning  
Donald G. Calder  
Dudley D. Johnson  
Wilmot H. Kidd  
C. Carter Walker, Jr.

### OFFICERS

Wilmot H. Kidd, President  
Charles N. Edgerton, Vice President and Treasurer  
Marlene A. Krumholz, Secretary

### OFFICE

630 Fifth Avenue  
New York, NY 10111  
212-698-2020  
866-593-2507 (toll free)

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

www.centralsecurities.com

CUSTODIAN

UMB Bank, N. A.  
Kansas City, MO

TRANSFER AGENT AND REGISTRAR

Computershare Investor Services (formerly EquiServe Trust Company)  
P.O. Box 43069, Providence, RI 02940-3069  
781-575-2724  
www.equiserve.com

INDEPENDENT AUDITORS  
KPMG LLP, New York, NY

[16]

Item 2. Code of Ethics. The information required by this Item is only required in an annual report on this Form N-CSR.

Item 3. Audit Committee Financial Experts. The information required by this Item is only required in an annual report on this Form N-CSR.

Item 4. Principal Accountant Fees and Services. The information required by this Item is only required in an annual report on this Form N-CSR.

Item 5. Audit Committee of Listed Registrants. The information required by this Item is only required in an annual report on this Form N-CSR.

Item 6. Schedule of Investments. Schedule is included as a part of the report to shareholders filed under Item 1 of this Form.

Item 7. Disclose Proxy Voting Policies and Procedures for Closed-End Management Companies. The information required by this Item is only required in an annual report on this Form N-CSR.

Item 8. Portfolio Managers of Closed-End Management Investment Companies. Not applicable. Item is applicable for annual reports for fiscal years ending on or after December 31, 2005, and every semi-annual report filed after the first such annual report.

Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maxi Approx Value) Units) Purch Plan
Month #1 (January 1	0	NA	NA	

## Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

through January 31)

Month #2 (February 1 through February 28)	0	NA	NA
Month #3 (March 1 through March 31)	7,300	\$23.37	NA
Month #4 (April 1 through April 30)	35,200	\$23.12	NA
Month #5 (May 1 through May 31)	8,400	\$23.35	NA
Month #6 (June 1 through June 30)	5,400	\$24.03	NA
Total	56,300	\$23.28	NA

All shares purchased were made in open market transactions as authorized by the Board of Directors.

Item 10. Submission of Matters to a Vote of Security Holders. There have been no changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors since such procedures were last described in the Corporation's proxy statement dated February 2, 2005.

Item 11. Controls and Procedures.

(a) The Principal Executive Officer and Principal Financial Officer of Central Securities Corporation (the "Corporation") have concluded that the Corporation's Disclosure Controls and Procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940) are effective based on their evaluation of the Disclosure Controls and Procedures as of a date within 90 days of the filing date of this report.

(b) There have been no changes in the Corporation's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 12. Exhibits. (a) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit. The information required by this Item is only required in an annual report on this Form N-CSR.

(b) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act. Attached hereto.

(c) Any written solicitation to purchase securities under Rule 23c-1 under the Act sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not Applicable.



Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Central Securities Corporation

By: /s/ Wilmot H. Kidd  
-----

Wilmot H. Kidd  
President

August 8, 2005  
-----

Date

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capabilities and on the dates indicated.

By: /s/ Wilmot H. Kidd  
-----

Wilmot H. Kidd  
President

August 8, 2005  
-----

Date

By: /s/ Charles N. Edgerton  
-----

Charles N. Edgerton  
Treasurer

August 8, 2005  
-----

Date