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CENTRAL SECURITIES CORP
Form N-CSRS
August 10, 2004

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

FORM N-CSR

CERTIFIED SHAREHOLDER REOPRT 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, 2004

Date of reporting period: June 30, 2004

Item 1. Reports to Stockholders.

=====
CENTRAL SECURITIES CORPORATION

SEMI-ANNUAL REPORT

JUNE 30, 2004
=====

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

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| Year | Per Share of Common Stock | | | | | | | Unrealized appreciation of investment |
|-----------------------------|---------------------------|----------------------------------|-----------------|---------------------------|---------------|-------------------|------------------------------|---------------------------------------|
| | Total net assets | Convertible Preference Stock (A) | Net asset value | Net investment income (B) | Dividends (C) | Distributions (C) | Net realized investment gain | |
| 1993 | \$218,868,360 | \$9,960,900 | \$17.90 | | | | | \$111,304 |
| 1994 | 226,639,144 | 9,687,575 | 17.60 | \$.23 | \$.22 | \$1.39 | \$16,339,601 | 109,278 |
| 1995 | 292,547,559 | 9,488,350 | 21.74 | .31 | .33 | 1.60 | 20,112,563 | 162,016 |
| 1996 | 356,685,785 | 9,102,050 | 25.64 | .27 | .28 | 1.37 | 18,154,136 | 214,721 |
| 1997 | 434,423,053 | 9,040,850 | 29.97 | .24 | .34 | 2.08 | 30,133,125 | 273,760 |
| 1998 | 476,463,575 | 8,986,125 | 31.43 | .29 | .29 | 1.65 | 22,908,091 | 301,750 |
| 1999 | 590,655,679 | -- | 35.05 | .26 | .26 | 2.34 | 43,205,449 | 394,282 |
| 2000 | 596,289,086 | -- | 32.94 | .32 | .32 | 4.03 | 65,921,671 | 363,263 |
| 2001 | 539,839,060 | -- | 28.54 | .18 | .22 | 1.58* | 13,662,612 | 304,887 |
| 2002 | 361,942,568 | -- | 18.72 | .14 | .14 | 1.11 | 22,869,274 | 119,501 |
| 2003 | 478,959,218 | -- | 24.32 | .09 | .11 | 1.29 | 24,761,313 | 229,388 |
| Six mos. to June 30, 2004** | 526,780,137 | -- | 26.87 | .08 | .05 | .10 | 23,778,997 | 256,585 |

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, 2004 the market quotations were as follows:

Common Stock..... \$22.87 low, \$23.25 high
and last sale

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To the Stockholders of

CENTRAL SECURITIES CORPORATION:

Financial statements for the six months ended June 30, 2004 reviewed by our independent accountants and other pertinent information are submitted herewith.

Comparative net assets are as follows:

| | 2004 (Unaudited) | June 30, December 31, 2003 |
|-----------------|---------------------|----------------------------------|
| Net assets..... | \$526,780,137 | \$478,959,218 |

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| | | |
|---|------------|------------|
| Net assets per share of Common Stock..... | 26.87 | 24.32 |
| Shares of Common Stock outstanding..... | 19,606,477 | 19,692,777 |

Comparative operating results are as follows:

| | Six months ended June 30, | |
|--|---------------------------|---------------------|
| | 2004 (Unaudited) | 2003 (Unaudited) |
| Net investment income..... | \$ 1,648,747 | \$ 1,325,898 |
| Per share of Common Stock..... | .08* | .07* |
| Net realized gain on sale of investments..... | 23,778,997 | 15,999,401 |
| Increase in net unrealized appreciation of investments..... | 27,197,470 | 48,583,044 |
| Increase in net assets resulting from operations..... | 52,625,214 | 65,908,343 |

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

A dividend of \$.15 per share was paid on June 25, 2004 to holders of Common Stock. Stockholders will be sent a notice concerning the taxability of all 2004 distributions in January 2005.

During the first six months of 2004 the Corporation repurchased 86,300 shares of its Common Stock at an average price per share of \$21.59. These shares were purchased on the American Stock Exchange. 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.

Stockholders' inquiries are welcome.

CENTRAL SECURITIES CORPORATION

WILMOT H. KIDD, President

630 Fifth Avenue
New York, NY 10111
July 28, 2004

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TEN LARGEST INVESTMENTS
June 30, 2004
(Unaudited)

| | Cost | Value | % of Net Assets | Year First Acquired |
|--|------------|--------|--------------------|------------------------|
| | ----- | ----- | ----- | ----- |
| | (millions) | | | |
| The Plymouth Rock Company, Inc..... | \$ 2.2 | \$93.0 | 17.7% | 1982 |
| Intel Corporation..... | .4 | 27.0 | 5.1 | 1986 |
| Capital One Financial Corporation..... | 1.8 | 25.0 | 4.7 | 1994 |
| Brady Corporation..... | 2.3 | 23.7 | 4.5 | 1984 |
| Murphy Oil Corporation..... | 3.1 | 22.1 | 4.2 | 1974 |
| Analog Devices, Inc..... | .5 | 20.2 | 3.8 | 1987 |
| Flextronics International Ltd..... | 3.8 | 19.3 | 3.7 | 1996 |

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| | | | | |
|-------------------------------|------|------|-----|------|
| Convergys Corporation..... | 22.1 | 18.8 | 3.6 | 1998 |
| Unisys Corporation..... | 11.9 | 15.3 | 2.9 | 1999 |
| SunGard Data Systems Inc..... | 6.4 | 14.8 | 2.8 | 1999 |

PRINCIPAL PORTFOLIO CHANGES

April 1 to June 30, 2004
(Unaudited)
(Common Stock unless specified otherwise)

| | Number of Shares | | |
|---|------------------|---------|--------------------------|
| | Purchased | Sold | Held June 30, 2004 |
| Affymetrix, Inc..... | | 100,000 | -- |
| American Management Systems, Inc..... | | 364,502 | -- |
| Apple Computer Inc..... | | 100,000 | -- |
| Capital One Financial Corporation..... | | 5,000 | 365,000 |
| Ceridian Corporation..... | 110,000 | | 210,000 |
| Fifth Third Bancorp..... | 200,000 | | 200,000 |
| Hospira, Inc..... | 10,000* | 10,000 | -- |
| Laboratory Corporation of America Holdings..... | | 10,000 | 100,000 |
| Marsh & McLennan Companies, Inc..... | | 100,000 | -- |
| Solectron Corporation..... | 200,000 | | 1,000,000 |
| Unisys Corporation..... | | 50,000 | 1,100,000 |
| Unocal Corporation..... | 100,000 | | 250,000 |
| Wind River Systems, Inc..... | | 60,000 | 440,000 |

* Shares received in a distribution from Abbott Laboratories.

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STATEMENT OF ASSETS AND LIABILITIES

June 30, 2004
(Unaudited)

ASSETS:

Investments:

| | | |
|--|---------------|------------|
| General portfolio securities at market value (cost \$206,612,835) (Note 1)..... | \$369,457,486 | |
| Securities of affiliated companies (cost \$3,462,486) (Notes 1, 5 and 6)..... | 97,203,446 | |
| Short-term investments (cost \$59,120,200)..... | 59,120,200 | \$525,781, |

Cash, receivables and other assets:

| | | |
|---|---------|--------|
| Cash and dividends receivable..... | 540,978 | |
| Office equipment and leasehold improvements, net..... | 553,964 | |
| Other assets..... | 175,802 | 1,270, |

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| | | |
|---|---------------|------------|
| | ----- | ----- |
| Total Assets..... | | 527,051, |
| LIABILITIES: | | |
| Payable, accrued expenses and reserves..... | 271,739 | |
| | ----- | |
| Total Liabilities..... | | 271, |
| | | ----- |
| NET ASSETS..... | | \$526,780, |
| | | ===== |
| NET ASSETS are represented by: | | |
| Common Stock \$1 par value: authorized | | |
| 30,000,000 shares; issued 19,692,777 (Note 2)..... | | \$19,692, |
| Surplus: | | |
| Paid-in..... | \$227,838,315 | |
| Undistributed net gain on sales of investments..... | 23,776,213 | |
| Undistributed net investment income..... | 750,544 | 252,365, |
| | ----- | |
| Net unrealized appreciation of investments..... | | 256,585, |
| Treasury stock, at cost (86,300 shares of Common Stock) | | |
| (Note 2)..... | | (1,863, |
| | | ----- |
| NET ASSETS..... | | \$526,780, |
| | | ===== |
| NET ASSET VALUE PER COMMON SHARE | | |
| (19,606,477 shares outstanding)..... | | \$26.87 |
| | | ===== |

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

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STATEMENT OF OPERATIONS

For the six months ended June 30, 2004
(Unaudited)

INVESTMENT INCOME

Income:

| | | |
|---|--------------|-------------|
| Dividends (net of foreign withholding taxes | | |
| of \$4,787)..... | \$ 2,565,267 | |
| Interest..... | 227,712 | \$2,792,979 |
| | ----- | |

Expenses:

| | |
|--|---------|
| Administration and operations..... | 263,099 |
| Investment research..... | 253,625 |
| Rent and utilities..... | 170,036 |
| Franchise and miscellaneous taxes..... | 90,740 |
| Insurance..... | 62,785 |
| Listing, software and sundry fees..... | 57,155 |
| Directors' fees..... | 50,000 |
| Stationery, supplies, printing and postage..... | 30,737 |
| Legal, auditing and tax fees..... | 25,392 |
| Publications..... | 24,463 |
| Transfer agent and registrar fees and expenses.. | 23,579 |
| Travel and telephone..... | 20,749 |
| Custodian fees..... | 14,287 |

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| | | |
|---|------------|--------------|
| Employees' retirement plans..... | 7,250 | |
| Miscellaneous..... | 50,335 | 1,144,232 |
| | ----- | ----- |
| Net investment income..... | | 1,648,747 |
| NET REALIZED AND UNREALIZED GAIN | | |
| ON INVESTMENTS | | |
| Net realized gain from security transactions..... | 23,778,997 | |
| Net increase in unrealized appreciation | | |
| of investments..... | 27,197,470 | |
| | ----- | |
| Net gain on investments..... | | 50,976,467 |
| | | ----- |
| NET INCREASE IN NET ASSETS RESULTING FROM | | |
| OPERATIONS..... | | \$52,625,214 |
| | | ===== |

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

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STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2004
and the year ended December 31, 2003

| | Six months ended June 30, 2004 (Unaudited) | Year end December 2003 |
|---|--|------------------------------|
| | ----- | ---- |
| FROM OPERATIONS: | | |
| Net investment income..... | \$ 1,648,747 | \$ 1,740, |
| Net realized gain on investments..... | 23,778,997 | 24,761, |
| Net increase in unrealized appreciation of investments..... | 27,197,470 | 109,886, |
| | ----- | ----- |
| Increase in net assets resulting from operations..... | 52,625,214 | 136,387, |
| | ----- | ----- |
| DISTRIBUTIONS TO STOCKHOLDERS FROM: | | |
| Net investment income..... | (938,275) | (2,050, |
| Net realized gain from investment transactions..... | (2,002,697) | (24,612, |
| | ----- | ----- |
| Decrease in net assets from distributions..... | (2,940,972) | (26,663, |
| | ----- | ----- |
| FROM CAPITAL SHARE TRANSACTIONS: (Note 2) | | |
| Distribution to stockholders reinvested in Common Stock..... | -- | 12,692, |
| Cost of shares of Common Stock repurchased..... | (1,863,323) | (5,400, |
| | ----- | ----- |
| Increase (decrease) in net assets from capital share transactions..... | (1,863,323) | 7,292, |
| | ----- | ----- |
| Total increase in net assets..... | 47,820,919 | 117,016, |
| NET ASSETS: | | |
| Beginning of period..... | 478,959,218 | 361,942, |

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| | | |
|---|------------------------|---------------------|
| End of period (including undistributed net investment income of \$750,544 and \$40,072, respectively)..... | \$526,780,137 ===== | \$478,959, ===== |
|---|------------------------|---------------------|

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

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STATEMENT OF INVESTMENTS

June 30, 2004
(Unaudited)

PORTFOLIO SECURITIES 88.6%
STOCKS (COMMON UNLESS SPECIFIED OTHERWISE)

| Prin.Amt. or Shares ----- | | Value ----- |
|---------------------------------|---|----------------|
| | Banking and Finance 9.6% | |
| 500,000 | The Bank of New York Company, Inc..... | \$ 14,740,000 |
| 365,000 | Capital One Financial Corporation..... | 24,958,700 |
| 200,000 | Fifth Third Bancorp..... | 10,756,000 |
| | | ----- |
| | | 50,454,700 |
| | | ----- |
| | Chemicals 3.1% | |
| 1,372,400 | PolyOne Corporation(a)..... | 10,210,656 |
| 150,000 | Rohm and Haas Company..... | 6,237,000 |
| | | ----- |
| | | 16,447,656 |
| | | ----- |
| | Communications 0.8% | |
| 1,000,000 | Cincinnati Bell Inc. (a)..... | 4,440,000 |
| | | ----- |
| | Electronics 15.1% | |
| 430,000 | Analog Devices, Inc..... | 20,244,400 |
| 1,210,000 | Flextronics International Ltd. (a)..... | 19,299,500 |
| 180,000 | Ingram Micro Inc. Class A(a)..... | 2,604,600 |
| 980,000 | Intel Corporation..... | 27,048,000 |
| 200,000 | Motorola, Inc..... | 3,650,000 |
| 1,000,000 | Solectron Corporation(a)..... | 6,470,000 |
| | | ----- |
| | | 79,316,500 |
| | | ----- |
| | Energy 9.6% | |
| 160,000 | EnCana Corporation..... | 6,905,600 |
| 220,000 | Kerr-McGee Corporation..... | 11,829,400 |
| 300,000 | Murphy Oil Corporation..... | 22,110,000 |
| 250,000 | Unocal Corporation..... | 9,500,000 |
| | | ----- |
| | | 50,345,000 |
| | | ----- |
| | Health Care 4.7% | |
| 100,000 | Abbott Laboratories..... | 4,076,000 |
| 490,000 | Impath Inc. (a)..... | 2,695,000 |
| 100,000 | Laboratory Corporation of America Holdings (a). | 3,970,000 |

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| | | |
|-----------|---------------------------------------|------------|
| 100,000 | Merck & Co. Inc..... | 4,750,000 |
| 450,000 | Schering-Plough Corporation..... | 8,316,000 |
| 150,000 | Vical Inc. (a)..... | 868,500 |
| | | ----- |
| | | 24,675,500 |
| | | ----- |
| | Information Technology Services 14.5% | |
| 400,000 | Accenture Ltd. (a)..... | 10,992,000 |
| 210,000 | Ceridian Corporation(a)..... | 4,725,000 |
| 1,220,000 | Convergys Corporation(a)..... | 18,788,000 |
| 570,000 | SunGard Data Systems Inc. (a)..... | 14,820,000 |
| 1,000,000 | TriZetto Group, Inc.(a)..... | 6,660,000 |
| 1,100,000 | Unisys Corporation(a)..... | 15,268,000 |
| 440,000 | Wind River Systems, Inc.(a)..... | 5,174,400 |
| | | ----- |
| | | 76,427,400 |
| | | ----- |

[8]

| Prin.Amt. or Shares ----- | | Value ----- |
|---------------------------------|---|----------------|
| | Insurance 20.5% | |
| 150,000 | American International Group, Inc..... | \$ 10,692,000 |
| 100,000 | Arch Capital Group Ltd.(a)..... | 3,988,000 |
| 10,000 | Erie Indemnity Co. Class A..... | 467,800 |
| 70,000 | The Plymouth Rock Company, Inc. Class A(b)(c)..... | 93,030,000 |
| | | ----- |
| | | 108,177,800 |
| | | ----- |
| | Manufacturing 9.4% | |
| 600,000 | ArvinMeritor, Inc..... | 11,742,000 |
| 515,000 | Brady Corporation Class A..... | 23,741,500 |
| 170,000 | Dover Corporation..... | 7,157,000 |
| 124,700 | Roper Industries, Inc..... | 7,095,430 |
| | | ----- |
| | | 49,735,930 |
| | | ----- |
| | Retail Trade 0.5% | |
| 100,000 | CarMax Inc. (a)..... | 2,187,000 |
| | Grumman Hill Investments, L.P. (a)(c)..... | 280,000 |
| | | ----- |
| | | 2,467,000 |
| | | ----- |
| | Transportation 0.8% | |
| 533,757 | Transport Corporation of America, Inc. Class B(a)(b)..... | 4,173,446 |
| | | ----- |
| | Total Portfolio Securities (cost \$210,075,321)..... | 466,660,932 |
| | | ----- |
| | SHORT-TERM INVESTMENTS 11.2% | |
| | Commercial Paper 6.5% | |
| \$25,827,000 | American Express Credit Corp. 0.8809% - 1.0011% due 7/7/04 - 8/4/04..... | 25,813,446 |
| 8,418,000 | General Motors Acceptance Corp. 1.0512% - 1.0813% due 7/14/04..... | 8,414,766 |
| | | ----- |

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| | |
|--|---------------|
| | 34,228,212 |
| | ----- |
| U.S. Treasury Bills 4.7% 24,957,000 | |
| U.S. Treasury Bills | |
| 0.8859% - 1.2201% due 9/23/04 - 10/7/04..... | 24,891,988 |
| | ----- |
| Total Short-Term Investments | |
| (cost \$59,120,200)..... | 59,120,200 |
| | ----- |
| Total Investments..... | 525,781,132 |
| Cash, receivables and other assets | |
| less liabilities (0.2%)..... | 999,005 |
| | ----- |
| Net Assets (100%)..... | \$526,780,137 |
| | ===== |

-
- (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.

[9]

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.

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 86,300 shares of its Common Stock in the first six months of 2004 at an average price of \$21.59 per share, representing an average discount from net asset value of 13.59%. It may from

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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, 2004 (excluding short-term investments), were \$35,829,049 and \$63,659,330, respectively.

As of June 30, 2004, based on cost for Federal income tax purposes, the aggregate gross unrealized appreciation and depreciation for all securities were \$272,872,264 and \$16,286,653, respectively.

4. Operating Expenses -- The aggregate remuneration paid during the six months ended June 30, 2004 to officers and directors amounted to \$552,500, of which \$50,000 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, 2004.

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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 \$1,066,100 from affiliates during the six months ended June 30, 2004. Unrealized appreciation related to affiliates increased by \$34,393,708 for the six months ended June 30, 2004 to \$93,740,960.

6. Restricted Securities -- The Corporation from time to time invests in securities the resale of which is restricted. On June 30, 2004 such investments had an aggregate value of \$93,310,000, which was equal to 17.7% of the Corporation's net assets. Investments in restricted securities at June 30, 2004, including acquisition dates and cost, were:

| Company | Shares | Security | Date Purchased | Cos |
|---------------------------------|--------|------------------------------|--------------------|--------------|
| Grumman Hill Investments, L.P. | | Limited Partnership Interest | 9/11/85 | \$ 18 |
| 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 \$34,227,572 for the six months ended June 30, 2004 to \$91,091,824.

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 \$3.3 million.

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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 2004 and \$314,241 for 2005 through 2008.

[11]

FINANCIAL HIGHLIGHTS

| | Six Mos. Ended June 30, 2004 (Unaudited) | 2003 | 2002 | 2001 | 2000 | |
|--|---|-----------|-----------|-----------|-----------|-------|
| | ----- | ----- | ----- | ----- | ----- | |
| Per Share Operating Performance | | | | | | |
| Net asset value, beginning of period | \$ 24.32 | \$ 18.72 | \$ 28.54 | \$ 32.94 | \$ 35.05 | \$ |
| Net investment income* | .08 | .09 | .14 | .18 | .32 | |
| Net realized and unrealized gain (loss) on securities | 2.62 | 6.91 | (8.71) | (2.78) | 1.92 | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total from investment operations | 2.70 | 7.00 | (8.57) | (2.60) | 2.24 | |
| Less: | | | | | | |
| Dividends from net investment income** | | | | | | |
| To Preference Stockholders | -- | -- | -- | -- | -- | |
| To Common Stockholders | .05 | .11 | .14 | .22 | .32 | |
| Distributions from capital gains** | | | | | | |
| To Common Stockholders | .10 | 1.29 | 1.11 | 1.03 | 4.03 | |
| Return of Capital** | | | | | | |
| To Common Stockholders | -- | -- | -- | .55 | -- | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Total distributions | .15 | 1.40 | 1.25 | 1.80 | 4.35 | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net asset value, end of period | \$ 26.87 | \$ 24.32 | \$ 18.72 | \$ 28.54 | \$ 32.94 | \$ |
| | ===== | ===== | ===== | ===== | ===== | ===== |
| Per share market value, | | | | | | |
| end of period | \$ 23.25 | \$ 20.89 | \$ 16.28 | \$ 25.31 | \$ 28.25 | \$ |
| Total investment return, market(%) | 11.98+ | 36.22 | (31.23) | (2.42) | 17.75 | |
| Total investment return, NAV(%) | 11.11+ | 39.32 | (29.43) | (6.54) | 7.02 | |
| Ratios/Supplemental Data: | | | | | | |
| Net assets, end of period(000) | \$526,780 | \$478,959 | \$361,943 | \$539,839 | \$596,289 | \$5 |
| Ratio of expenses to average net assets for Common(%) | .46++ | .56 | .50 | .45 | .38 | |
| Ratio of net investment income to average net assets for Common(%) | .45++ | .42 | .57 | .60 | .83 | |
| Portfolio turnover rate(%) | 8.07 | 12.90 | 19.50 | 10.32 | 13.54 | |

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

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

+ Not annualized.

++ Annualized, not necessarily indicative of full year ratio.

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

[12]

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, 2004, and the related statements of operations, changes in net assets and financial highlights for the six-month period ended June 30, 2004. 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, 2003, and financial highlights for each of the five years in the period ended December 31, 2003, and in our report dated January 28, 2004 we expressed an unqualified opinion on those financial statements.

KPMG LLP

New York, NY
July 28, 2004

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ANNUAL MEETING OF STOCKHOLDERS

The annual meeting of stockholders of the Corporation was held on March 10, 2004. 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, 18,188,305 shares in favor, 255,130 shares withheld; Jay R. Inglis, 18,179,159 shares in favor, 264,276 shares withheld; Dudley D. Johnson, 18,193,350 shares in favor, 250,085 shares withheld; Wilmot H. Kidd, 18,042,833 shares in favor, 400,602 shares withheld; and C. Carter Walker, Jr., 18,174,980 shares in favor,

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268,455 shares withheld.

In addition, the selection of KPMG LLP as independent auditors of the Corporation for the year 2004 was ratified by the following vote of the holders of the Common Stock: 18,177,212 shares in favor, 232,604 shares against, 33,619 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 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.centalsecurities.com and (3) on the Securities and Exchange Commission's website at www.sec.gov in the Corporation's most recent Form N-CSR filing.

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BOARD OF DIRECTORS

DONALD G. CALDER

President
G. L. Ohrstrom & Co., Inc.
New York, NY

DUDLEY D. JOHNSON

President
Young & Franklin Inc.
Liverpool, NY

JAY R. INGLIS

Executive Vice President
National Marine Underwriters, Inc.
New York, NY

WILMOT H. KIDD

President

C. CARTER WALKER, JR.
Washington, CT

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)
www.centalsecurities.com

CUSTODIAN

UMB Bank, N. A.
P.O. Box 419226, Kansas City, MO 64141-6226

TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company
P.O. Box 43069, Providence, RI 02940-3069
781-575-2724 www.equiserve.com

INDEPENDENT AUDITORS

KPMG LLP

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757 Third Avenue, New York, NY 10017

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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. 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) Maximum Approximate Value of Units to be Purchased Pursuant to Plans |
|---|---|--|---|--|
| Month #1 (January 1 through January 31) | 14,300 | \$21.64 | NA | |
| Month #2 (February 1 through February 29) | 23,100 | \$21.79 | NA | |
| Month #3 (March 1 through March 31) | 24,100 | \$21.46 | NA | |
| Month #4 (April 1 through April 30) | 17,600 | \$21.85 | NA | |
| Month #5 (May 1 through May 31) | 7,200 | \$20.66 | NA | |
| Month #6 (June 1 through June 30) | 0 | \$0.00 | NA | |
| Total | 86,300 | \$21.59 | NA | |

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

Item 9. 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 5, 2004.

Item 10. 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-3(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 registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 that occurred during the last fiscal half-year that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Item 11. 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.

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 10, 2004
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.

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By: /s/ Wilmot H. Kidd

Wilmot H. Kidd
President

August 10, 2004
Date

By: /s/ Charles N. Edgerton

Charles N. Edgerton
Treasurer

August 10, 2004
Date