

CENTRAL SECURITIES CORP  
Form N-CSRS  
August 09, 2012

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSRS**

**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, 2012

Date of reporting period: June 30, 2012

**Item 1. Reports to Stockholders.**

CENTRAL SECURITIES CORPORATION

SEMI-ANNUAL REPORT

JUNE 30, 2012

## 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.)

## 25-YEAR HISTORICAL DATA

Year	Total net assets	Per Share of Common Stock				Total dividends and distributions	Unrealized appreciation of investments at end of period
		Net asset value	Source of dividends and distributions	Long-term capital gains*	Total dividends and distributions		
1986	\$ 116,731,670	\$ 13.26					\$ 32,538,800
1987	110,629,270	11.36	\$.22	\$ 1.55	\$ 1.77		15,056,016
1988	118,930,727	11.77	.16	.92	1.08		25,718,033
1989	129,376,703	12.24	.35	.65	** 1.00	**	38,661,339
1990	111,152,013	10.00	.20	.50	** .70	**	25,940,819
1991	131,639,511	11.87	.14	.56	** .70	**	43,465,583
1992	165,599,864	14.33	.20	.66	.86		70,586,429
1993	218,868,360	17.90	.18	1.42	1.60		111,304,454
1994	226,639,144	17.60	.22	1.39	1.61		109,278,788
1995	292,547,559	21.74	.33	1.60	1.93		162,016,798
1996	356,685,785	25.64	.28	1.37	1.65		214,721,981
1997	434,423,053	29.97	.34	2.08	2.42		273,760,444
1998	476,463,575	31.43	.29	1.65	1.94		301,750,135
1999	590,655,679	35.05	.26	2.34	2.60		394,282,360
2000	596,289,086	32.94	.32	4.03	4.35		363,263,634
2001	539,839,060	28.54	.22	1.58	** 1.80	**	304,887,640
2002	361,942,568	18.72	.14	1.11	1.25		119,501,484
2003	478,959,218	24.32	.11	1.29	1.40		229,388,141
2004	529,468,675	26.44	.11	1.21	1.32		271,710,179
2005	573,979,905	27.65	.28	1.72	2.00		302,381,671
2006	617,167,026	30.05	.58	1.64	2.22		351,924,627
2007	644,822,724	30.15	.52	1.88	2.40		356,551,394
2008	397,353,061	17.79	.36	2.10	2.46		94,752,477
2009	504,029,743	22.32	.33	.32	.65		197,256,447
2010	593,524,167	26.06	.46	.44	.90		281,081,168
2011	574,187,941	24.96	.43	.57	1.00		255,654,966
Six mos. to June 30, 2012***	556,492,365	24.29	.05	.15	.20		237,441,964
Total dividends and distributions for the period:			\$ 7.08	\$ 34.73	\$ 41.81		

\* Computed on the basis of the Corporation's status as a "regulated investment company" for Federal income tax purposes. Dividends from ordinary income include short-term capital gains.

\*\* Includes non-taxable returns of capital of \$.56 in 1989, \$.47 in 1990, \$.11 in 1991 and \$.55 in 2001.

\*\*\* Unaudited.

The Common Stock is listed on the NYSE MKT (formerly NYSE Amex) under the symbol CET. On June 29, 2012 (the last trading day of the period), the closing market price was \$20.28 per share.

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*To the Stockholders of*

Central Securities Corporation:

Financial statements for the six months ended June 30, 2012 reviewed by our independent registered public accounting firm and other pertinent information are submitted herewith.

Comparative net assets are as follows:

	June 30, 2012 (Unaudited)	December 31, 2011
Net assets	\$556,492,365	\$574,187,941
Net assets per share of Common Stock	24.29	24.96
Shares of Common Stock outstanding	22,910,136	23,005,136

Comparative operating results are as follows:

	Six months ended June 30,	
	2012 (Unaudited)	2011 (Unaudited)
Net investment income	\$3,698,980	\$5,198,010
Per share of Common Stock	.16	* .23 *
Net realized gain on sale of investments	3,378,456	10,153,759
Increase (decrease) in net unrealized appreciation of investments	(18,213,002 )	36,812,867
Increase (decrease) in net assets resulting from operations	(11,135,566 )	52,164,636

\*Based on the average number of Common shares outstanding during the period.

A distribution of \$.20 per share of Common Stock was paid on June 26, 2012 to stockholders of record as of June 12, 2012. Stockholders will be sent a notice concerning the taxability of all 2012 distributions early in 2013.

During the first six months of 2012, the Corporation purchased 98,000 shares of its Common Stock at an average price of \$20.845 per share. The Corporation may from time to time purchase its Common Stock in such amounts and at such prices as the Board of Directors deems advisable in the best interests of stockholders. Purchases may be made on the NYSE MKT or in private transactions directly with stockholders.

As we recently announced, Price Blackford has joined our Board of Directors. He is a Senior Advisor with Sagent Advisors LLC, an independent privately-owned investment bank. We are delighted to have the benefit of his extensive experience, and on behalf of stockholders, I would like to welcome him to our Board.

Stockholders' inquiries are welcome.

Central Securities Corporation

Wilmot H. Kidd, *President*

630 Fifth Avenue  
New York, NY 10111  
July 25, 2012

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## TEN LARGEST INVESTMENTS

June 30, 2012  
(Unaudited)

	Cost	Value	Percent of Net Assets	Year First Acquired
	(millions)			
The Plymouth Rock Company, Inc.	\$ 2.2	\$167.5	30.1%	1982
Intel Corporation	16.3	39.7	7.1	1986
Coherent, Inc.	22.0	34.5	6.2	2007
Analog Devices, Inc.	10.9	26.7	4.8	1987
Convergys Corporation	24.1	24.4	4.4	1998
Agilent Technologies, Inc.	12.6	23.2	4.2	2005
Brady Corporation	2.0	20.4	3.7	1984
The Bank of New York Mellon Corporation	18.3	20.3	3.6	1993
Precision Castparts Corporation	10.0	16.4	3.0	2008
CEVA, Inc.	10.1	15.8	2.8	2009

## DIVERSIFICATION OF INVESTMENTS

June 30, 2012  
(Unaudited)

	Issues	Cost	Value	Percent of Net Assets	
				June 30, 2012	December 31, 2011
Common Stocks:					
Insurance	1	\$2,184,586	\$167,472,000	30.1%	29.2%
Semiconductor	4	47,650,353	85,993,200	15.5	16.4
Technology Hardware and Equipment	6	74,310,318	84,320,920	15.1	16.1
Diversified Industrial	4	20,117,456	55,761,400	10.0	10.7
Energy	6	57,472,726	50,632,469	9.1	9.8
Software and Services	2	37,054,518	32,161,800	5.8	5.4
Banking and Finance	2	22,165,335	23,876,750	4.3	3.9
Other	10	44,972,283	44,229,909	7.9	6.8
Preferred Stocks:					
Energy	1	2,027,220	948,311	0.2	0.4

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PRINCIPAL PORTFOLIO CHANGES

April 1 to June 30, 2012

(Unaudited)

(Common Stock unless specified otherwise)

	Number of Shares		Held June 30, 2012
	Purchased	Sold	
Agilent Technologies, Inc.		100,000	590,000
CEVA, Inc.	51,700		900,000
Convergys Corporation		50,000	1,650,000
Flextronics International Ltd.		130,000	500,000
GeoMet, Inc. Series A Convertible Redeemable Preferred Stock	7,663	(a)	252,883
Heritage-Crystal Clean, Inc.	75,000		488,712
Mindspeed Technologies, Inc.	100,000		1,500,000
The Plymouth Rock Company, Inc.		120	69,780
Xerox Corporation		200,000	990,000

(a) Received as a dividend.

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## STATEMENT OF INVESTMENTS

June 30, 2012  
(Unaudited)

**COMMON STOCKS 97.8%**

<i>Shares</i>		<i>Value</i>
	<b>Banking and Finance 4.3%</b>	
925,000	The Bank of New York Mellon Corporation	\$ 20,303,750
100,000	JPMorgan Chase & Co.	3,573,000
		23,876,750
	<b>Diversified Industrial 10.0%</b>	
740,000	Brady Corporation Class A	20,357,400
200,000	General Electric Company	4,168,000
100,000	Precision Castparts Corporation	16,449,000
150,000	Roper Industries, Inc.	14,787,000
		55,761,400
	<b>Energy 9.1%</b>	
350,000	Canadian Oil Sands Ltd.	6,776,245
200,000	Devon Energy Corporation	11,598,000
2,000,000	GeoMet, Inc. (a)(b)	640,000
627,200	McMoRan Exploration Co. (a)	7,946,624
280,000	Murphy Oil Corporation	14,081,200
320,000	QEP Resources, Inc.	9,590,400
		50,632,469
	<b>Environmental Services 1.4%</b>	
488,712	Heritage-Crystal Clean, Inc. (a)	7,990,442
	<b>Health Care 2.8%</b>	
100,000	Johnson & Johnson	6,756,000
100,000	Medtronic, Inc.	3,873,000
100,000	Merck & Co., Inc.	4,175,000
228,000	Vical Inc. (a)	820,800
		15,624,800
	<b>Insurance 30.1%</b>	
69,780	The Plymouth Rock Company, Inc. Class A (b)(c)	167,472,000
	<b>Retailing 2.3%</b>	
20,000	Aerogroup International, Inc. (a)(c)	366,800
400,000	Tesco Plc ADR	5,840,000

220,000	Walgreen Co.	6,507,600
		12,714,400

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<i>Shares</i>		<i>Value</i>
	<b>Semiconductor 15.5%</b>	
710,000	Analog Devices, Inc.	\$ 26,745,700
900,000	CEVA, Inc. (a)	15,849,000
1,490,000	Intel Corporation	39,708,500
1,500,000	Mindspeed Technologies, Inc. (a)	3,690,000
		85,993,200
	<b>Software and Services 5.8%</b>	
1,650,000	Convergys Corporation	24,370,500
990,000	Xerox Corporation	7,791,300
		32,161,800
	<b>Technology Hardware and Equipment 15.1%</b>	
590,000	Agilent Technologies, Inc.	23,151,600
801,000	Coherent, Inc. (a)	34,539,120
500,000	Flextronics International Ltd. (a)	3,100,000
200,000	Motorola Solutions, Inc.	9,622,000
1,190,000	RadiSys Corporation (a)	7,473,200
3,000,000	Sonus Networks, Inc. (a)	6,435,000
		84,320,920
	<b>Telecommunication Services 1.4%</b>	
145,425	Primus Telecommunications Group, Inc. (a)	2,264,267
200,000	Vodafone Group Plc ADR	5,636,000
		7,900,267
	Total Common Stocks	
	(cost \$305,927,575)	544,448,448
	<b>PREFERRED STOCKS 0.2%</b>	
	<b>Energy 0.2%</b>	
252,883	GeoMet, Inc. Series A Convertible Redeemable	
	Preferred Stock (b)(d) (cost \$2,027,220)	948,311
	Total Investments (cost \$307,954,795) (e)	
	(98.0%)	545,396,759
	Cash, receivables and other assets	
	less liabilities (2.0%)	11,095,606
	Net Assets (100%)	\$ 556,492,365

(a) Non-dividend paying.

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

(c) Valued based on Level 3 inputs – see Note 2.

(d) Valued based on Level 2 inputs – see Note 2.

(e) Aggregate cost for Federal tax purposes is substantially the same.  
See accompanying notes to financial statements.

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## STATEMENT OF ASSETS AND LIABILITIES

June 30, 2012  
(Unaudited)

## Assets:

## Investments:

General portfolio securities at market value (cost \$290,084,057)	\$376,336,448	
Securities of affiliated companies (cost \$17,870,738) (Notes 5 and 6)	169,060,311	\$545,396,759
Cash, receivables and other assets:		
Cash	8,825,968	
Receivable for securities sold	1,362,975	
Dividends receivable	837,833	
Office equipment and leasehold improvements, net	98,552	
Other assets	125,815	11,251,143
Total Assets		556,647,902

## Liabilities:

Accrued expenses and reserves	155,537	
Total Liabilities		155,537
Net Assets		\$556,492,365

Net Assets are represented by:

Common Stock \$1 par value: authorized 30,000,000 shares; issued 23,030,906 (Notes 3 and 9)		\$23,030,906
Surplus:		
Paid-in	\$292,538,812	
Undistributed net gain from sale of investments	3,138,650	
Undistributed net investment income	2,847,753	298,525,215
Net unrealized appreciation of investments		237,441,964
Treasury stock, at cost (120,770 shares of Common Stock) (Note 3)		(2,505,720 )
Net Assets		\$556,492,365

Net Asset Value Per Common Share (22,910,136 shares outstanding)		\$24.29
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See accompanying notes to financial statements.

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## STATEMENT OF OPERATIONS

For the six months ended June 30, 2012  
(Unaudited)

## Investment Income

## Income:

Dividends from unaffiliated companies (net of foreign withholding taxes of \$33,656)	\$3,475,188	
Dividends from affiliated companies (Note 5)	2,136,843	\$ 5,612,031

## Expenses:

Administration and operations	586,036	
Investment research	575,579	
Occupancy and office operating expenses	250,705	
Directors' fees	141,327	
Legal, auditing and tax preparation fees	110,128	
Stockholder communications and meetings	53,350	
Franchise and miscellaneous taxes	47,599	
Software and information services	43,873	
Transfer agent, registrar and custodian fees and expenses	35,572	
Travel and related expenses	19,871	
Miscellaneous	49,011	1,913,051
Net investment income		3,698,980

## Net Realized And Unrealized Gain (loss) on Investments

## Net realized gain from:

Unaffiliated companies	2,994,207	
Affiliated companies	370,800	
Written options	13,449	3,378,456
Decrease in net unrealized appreciation of investments		(18,213,002 )
Net loss on investments		(14,834,546 )
Net Decrease in Net Assets Resulting from Operations		(\$11,135,566)

See accompanying notes to financial statements.

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## STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2012  
and the year ended December 31, 2011

	Six months ended June 30, 2012 (Unaudited)	Year ended December 31, 2011
From Operations:		
Net investment income	\$3,698,980	\$9,852,357
Net realized gain from investment transactions	3,378,456	14,330,688
Decrease in net unrealized appreciation of investments	(18,213,002)	(25,426,202)
Decrease in net assets resulting from operations	(11,135,566)	(1,243,157 )
Distributions to Stockholders from:		
Net investment income	(1,145,507 )	(9,744,218 )
Net realized gain from investment transactions	(3,436,520 )	(13,035,173)
Decrease in net assets from distributions	(4,582,027 )	