

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

CENTRAL SECURITIES CORP  
Form N-CSRS  
July 28, 2006

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, 2006

Date of reporting period: June 30, 2006

Item 1. Reports to Stockholders.

=====  
CENTRAL SECURITIES CORPORATION

-----  
SEMI-ANNUAL REPORT  
JUNE 30, 2006  
=====

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)	
1995	\$292,547,559	\$ 9,488,350	\$21.74				
1996	356,685,785	9,102,050	25.64	\$.27	\$.28	\$1.37	\$ 18,154,13
1997	434,423,053	9,040,850	29.97	.24	.34	2.08	30,133,12
1998	476,463,575	8,986,125	31.43	.29	.29	1.65	22,908,09
1999	590,655,679	--	35.05	.26	.26	2.34	43,205,44
2000	596,289,086	--	32.94	.32	.32	4.03	65,921,67
2001	539,839,060	--	28.54	.18	.22	1.58*	13,662,61
2002	361,942,568	--	18.72	.14	.14	1.11	22,869,27
2003	478,959,218	--	24.32	.09	.11	1.29	24,761,31
2004	529,468,675	--	26.44	.11	.11	1.21	25,103,15
2005	573,979,905	--	27.65	.28	.28	1.72	31,669,41
Six mos. to June 30, 2006**	600,191,449	--	29.69	.29	.16	.04	17,949,63

- 
- 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, 2006 the market quotations were as follows:

Common Stock ..... \$25.25 low, \$25.39 high  
 and \$25.35 last sale

[2]

To the Stockholders of  
 Central Securities Corporation:

Financial statements for the six months ended June 30, 2006 reviewed by our independent registered public accounting firm and other pertinent information are submitted herewith.

Comparative net assets are as follows:

	June 30, 2006 (Unaudited)	December 31, 2005
Net assets .....	\$600,191,449	\$573,979,905
Net assets per share of Common Stock .....	29.69	27.65
Shares of Common Stock outstanding .....	20,215,359	20,762,159

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

Comparative operating results are as follows:

	Six months ended June 30,	
	2006 (Unaudited)	2005 (Unaudited)
Net investment income .....	\$ 5,975,548	\$ 4,385,014
Per share of Common Stock .....	.29*	.22*
Net realized gain on sale of investments .....	17,949,636	33,035,041
Increase in netunrealized appreciation of investments .....	19,834,895	5,539,894
Increase in netassets resulting from operations ..	43,760,079	42,959,949

-----  
\* 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 23, 2006. Stockholders will be sent a notice concerning the taxability of all 2006 distributions in January 2007.

During the first six months of 2006 the Corporation repurchased 546,800 shares of its Common Stock at an average price per share of \$24.69. 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.

Stockholders' inquiries are welcome.

Central Securities Corporation

Wilmot H. Kidd, President

630 Fifth Avenue  
New York, NY 10111  
July 25, 2006

[3]

### TEN LARGEST INVESTMENTS June30, 2006 (Unaudited)

	Cost ----	Value -----
	(millions)	
The Plymouth Rock Company, Inc. ....	\$ 2.2	\$119.0
Brady Corporation .....	3.5	33.5
Murphy Oil Corporation .....	3.7	33.5
Convergys Corporation .....	24.1	30.2
The Bank of New York Company, Inc. ....	15.5	28.2
Kerr-McGee Corporation .....	11.7	27.7
Capital One Financial Corporation .....	1.4	25.6

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Agilent Technologies, Inc. ....	19.6	25.2
Dover Corporation .....	13.0	19.8
Roper Industries, Inc. ....	9.0	19.2

PRINCIPAL PORTFOLIO CHANGES  
April 1 to June 30, 2006  
(Unaudited)

(Common Stock unless specified otherwise)

	Number of Shares		
	Purchased	Sold	Held June 30, 2006
Agilent Technologies, Inc. ....	50,000		800,000
Arbinet-thexchange, Inc. ....	540,100		900,000
Brady Corporation .....		10,000	910,000
Ceridian Corporation .....	21,600		400,200
Hewitt Associates, Inc. ....	100,000		100,000
IMS Health, Inc. ....	320,000		320,000
Kerr-McGee Corporation .....	200,000 (a)		400,000
McMoRan Exploration Co. ....	20,200		520,200
Merck & Co., Inc. ....		100,000	--
Neoware, Inc. ....	350,000		350,000
Pfizer Inc. ....		100,000	--
PolyOne Corporation .....		350,000	620,000
TransMontaigne Inc. ....		125,000	1,100,000
Tyco International Ltd .....	200,000		200,000
White Mountains Insurance Group, Ltd .....	2,000		2,000

(a) Stock split.

[4]

DIVERSIFICATION OF INVESTMENTS  
June 30, 2006  
(Unaudited)

	Issues	Value	Co
Common Stocks:			
Insurance .....	3	\$120,494,000	\$ 3,63
Energy .....	6	106,331,316	49,87
Electronics .....	8	82,979,900	41,29
Manufacturing .....	4	77,963,900	30,82
Banking and Finance .....	2	53,810,000	16,88
Business Services .....	4	50,845,888	43,77
Information Technology Services .....	3	25,119,166	19,68
Chemicals .....	4	17,395,720	8,55
Health Care .....	3	14,573,700	14,69
Other .....	3	7,961,530	6,04

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Short-Term Investments ..... 3 46,159,619 46,15

FINANCIAL HIGHLIGHTS

	Six Mos. Ended June 30, 2006 (Unaudited)			2005	2004
	-----	-----	-----	-----	-----
Per Share Operating Performance					
Net asset value, beginning of period .....	\$ 27.65	\$ 26.44	\$ 24.32	\$	
Net investment income* .....	.29	.28	.11		
Net realized and unrealized gain (loss) on securities* .....	1.95	2.93	3.33		
	-----	-----	-----		
Total from investment operations .....	2.24	3.21	3.44		
Less:					
Dividends from net investment income** .....	.16	.28	.11		
Distributions from capital gains** .....	.04	1.72	1.21		
Return of capital** .....	--	--	--		
	-----	-----	-----		
Total distributions .....	.20	2.00	1.32		
	-----	-----	-----		
Net asset value, end of period .....	\$ 29.69	\$ 27.65	\$ 26.44	\$	
	=====	=====	=====		
Per share market value, end of period .....	\$ 25.35	\$ 23.80	\$ 22.85	\$	
Total investment return, market(%) .....	6.52	14.04	16.16		
Total investment return, NAV(%) .....	8.12	13.75	15.40		
Ratios/Supplemental Data:					
Net assets, end of period(000) .....	\$ 600,191	\$ 573,980	\$ 529,469	\$	47
Ratio of expenses to average net assets(%) .....	.41+	.54	.55		
Ratio of net investment income to average net assets(%) .....	1.31+	1.02	.41		
Portfolio turnover rate(%) .....	8.25	15.83	16.72		

- 
- \* 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.

[5]

STATEMENT OF INVESTMENTS  
June 30, 2006  
(Unaudited)  
PORTFOLIO SECURITIES 92.9%  
STOCKS (COMMON UNLESS SPECIFIED OTHERWISE)

Prin. Amt. or Shares -----	Value -----
Banking and Finance 9.0%	

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

875,000	The Bank of New York Company, Inc.....	\$ 28,175,000
300,000	Capital One Financial Corporation .....	25,635,000
		-----
		53,810,000
		-----
	Business Services 8.5%	
400,200	Ceridian Corporation(a) .....	9,780,888
1,550,000	Convergys Corporation(a) .....	30,225,000
100,000	Hewitt Associates, Inc.(a) .....	2,248,000
320,000	IMS Health, Inc. ....	8,592,000
		-----
		50,845,888
		-----
	Chemicals 2.9%	
100,000	The Dow Chemical Company .....	3,903,000
620,000	PolyOne Corporation(a) .....	5,443,600
150,000	Rohm and Haas Company .....	7,518,000
40,328	Tronox Inc. Class B .....	531,120
		-----
		17,395,720
		-----
	Communications 1.2%	
900,000	Arbinet-thexchange, Inc.(a) .....	5,049,000
500,000	Cincinnati Bell Inc.(a) .....	2,050,000
		-----
		7,099,000
		-----
	Electronics 13.8%	
800,000	Agilent Technologies, Inc.(a) .....	25,248,000
430,000	Analog Devices, Inc. ....	13,820,200
100,000	Cirrus Logic, Inc.(a) .....	814,000
255,000	Cypress Semiconductor Corp.(a) .....	3,707,700
980,000	Intel Corporation .....	18,620,000
200,000	Motorola, Inc. ....	4,030,000
2,000,000	Solectron Corporation(a) .....	6,840,000
2,000,000	Sonus Networks, Inc.(a).....	9,900,000
		-----
		82,979,900
		-----
	Energy 17.7%	
234,328	Chevron Corporation .....	14,542,396
400,000	Kerr-McGee Corporation .....	27,740,000
520,200	McMoRan Exploration Co.(a) .....	9,155,520
600,000	Murphy Oil Corporation .....	33,516,000
160,000	Nexen Inc. ....	9,046,400
1,100,000	TransMontaigne Inc.(a) .....	12,331,000
		-----
		106,331,316
		-----
	Health Care 2.4%	
120,000	Abbott Laboratories .....	5,233,200
450,000	Schering-Plough Corporation .....	8,563,500
140,000	Vical Inc.(a) .....	777,000
		-----
		14,573,700
		-----

[6]

Prin. Amt.

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

or Shares -----		Value -----
	Information Technology Services 4.2%	
350,000	Neoware, Inc. (a) .....	\$ 4,301,500
1,025,400	The TriZetto Group, Inc. (a) .....	15,165,666
900,000	Unisys Corporation(a) .....	5,652,000
		-----
		25,119,166
		-----
	Insurance 20.1%	
10,000	Erie Indemnity Co. Class A .....	520,000
70,000	The Plymouth Rock Company, Inc. Class A (b) (c) .....	119,000,000
2,000	White Mountains Insurance Group, Ltd. ....	974,000
		-----
		120,494,000
		-----
	Manufacturing 13.0%	
910,000	Brady Corporation Class A .....	33,524,400
400,000	Dover Corporation .....	19,772,000
410,000	Roper Industries, Inc. ....	19,167,500
200,000	Tyco International Ltd. ....	5,500,000
		-----
		77,963,900
		-----
	Retail Trade 0.1%	
28,751	Aerogroup International, Inc. (a) (c) .....	862,530
		-----
	Total Portfolio Securities (cost \$235,258,554) (d)	557,475,120
		-----
	SHORT-TERM INVESTMENTS 7.7%	
	Commercial Paper 3.5%	
10,301,000	Citigroup Funding Inc. 4.8674% - 4.9180% due 7/5/06 - 7/12/06 .....	10,289,978
10,996,000	General Electric Capital Corporation 4.9585% - 5.1457% due 7/19/06 - 8/16/06 .....	10,953,654
		-----
		21,243,632
		-----
	U.S. Treasury Bills 4.2%	
25,029,000	U.S. Treasury Bills 4.5906% - 4.6853% due 8/3/06 - 8/10/06 .....	24,915,987
	Total Short-Term Investments (cost \$46,159,619) (d) .....	46,159,619
		-----
	Total Investments (100.6%)	603,634,739
	Cash, receivables and other assets less liabilities (0.6%) .....	(3,443,290)
		-----
	Net Assets (100%) .....	\$600,191,449
		=====

- 
- (a) Non-dividend paying.
  - (b) Affiliate as defined in the Investment Company Act of 1940.
  - (c) Valued at estimated fair value.
  - (d) Aggregate cost for Federal tax purposes is substantially the same.

See accompanying notes to financial statements.

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

STATEMENT OF ASSETS AND LIABILITIES  
 June 30, 2006  
 (Unaudited)

ASSETS:

Investments:

General portfolio securities at market value  
 (cost \$233,058,568) (Note 1) ..... \$ 4  
 Securities of affiliated companies (cost \$2,199,986)  
 (Notes 1, 5 and 6) ..... 1  
 Short-term investments (cost \$46,159,619) ..... ---

Cash, receivables and other assets:

Cash .....  
 Dividends and interest receivable .....  
 Office equipment and leasehold improvements, net .....  
 Prepaid expenses and other assets ..... ---

Total Assets ..... ---

LIABILITIES:

Payable for securities purchased .....  
 Accrued expenses and reserves ..... ---

Total Liabilities ..... ---

NET ASSETS ..... ---

NET ASSETS are represented by:

Common Stock \$1 par value: authorized  
 30,000,000 shares; issued 20,820,859 (Note 2) ..... ---

Surplus:

Paid-in ..... \$ 2  
 Undistributed net gain on sales of investments .....  
 Undistributed net investment income ..... ===

Net unrealized appreciation of investments .....  
 Treasury stock, at cost (605,500 shares of Common Stock)  
 (Note 2) ..... ---

NET ASSETS ..... ---

NET ASSET VALUE PER COMMON SHARE

(20,215,359 shares outstanding) ..... ---

See accompanying notes to financial statements.

[8]

STATEMENT OF OPERATIONS  
 For the six months ended June 30, 2006  
 (Unaudited)

INVESTMENT INCOME



Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Income:

Dividends (net of foreign withholding taxes of \$2,089) .....  
 Interest .....

Expenses:

Administration and operations .....  
 Occupancy costs .....  
 Investment research .....  
 Franchise and miscellaneous taxes .....  
 Directors' fees .....  
 Stationery, supplies, printing and postage .....  
 Listing, software and sundry fees .....  
 Insurance .....  
 Legal, auditing and tax fees .....  
 Travel and telephone .....  
 Transfer agent and registrar fees and expenses .....  
 Custodian fees .....  
 Miscellaneous .....

Net investment income .....

NET REALIZED AND UNREALIZED GAIN  
 ON INVESTMENTS

Net realized gain from security transactions .....  
 Net increase in unrealized appreciation of investments .....  
  
 Net gain on investments .....

NET INCREASE IN NET ASSETS RESULTING FROM  
 OPERATIONS .....

See accompanying notes to financial statements.

[9]

STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2006  
 and the year ended December 31, 2005

FROM OPERATIONS:

Net investment income .....  
 Net realized gain on investments .....  
 Net increase in unrealized appreciation of investments .....  
  
 Increase in net assets resulting from operations .....

DISTRIBUTIONS TO STOCKHOLDERS FROM:

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Net investment income .....	
Net realized gain from investment transactions .....	
Decrease in net assets from distributions .....	
FROM CAPITAL SHARE TRANSACTIONS: (Note 2)	
Distribution to stockholders reinvested in Common Stock .....	
Cost of shares of Common Stock repurchased .....	
Increase (decrease) in net assets from capital share transactions .....	
Total increase in net assets .....	
NET ASSETS:	
Beginning of period .....	5
End of period (including undistributed net investment income of \$3,281,134 and \$136,692, respectively) .....	\$ 6

See accompanying notes to financial statements.

[10]

STATEMENT OF CASH FLOWS

For the six months ended June 30, 2006  
(Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase in net assets from operations .....	
Adjustments to net increase in net assets from operations:	
Purchase of securities .....	(\$44,
Proceeds from securities sold .....	50,
Net sales of short-term investments .....	2,
Net realized gain from investments .....	(17,
Increase in unrealized appreciation .....	(19,
Depreciation and amortization .....	
Changes in operating assets and liabilities:	
Decrease in dividends and interest receivable .....	
Increase in office equipment and leasehold improvements .....	
Decrease in other assets .....	
Increase in payable for securities purchased .....	3,
Decrease in accrued expenses and reserves .....	(
Total adjustments .....	
Net cash provided by operating activities .....	
Cash flows from financing	
ACTIVITIES:	
Dividends paid .....	(4,
Treasury shares repurchased .....	(13,
Cash flows used in financing activities .....	

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

Net decrease in cash .....  
Cash at beginning of period .....  
  
Cash at end of period .....

### SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Non-cash financing activities not included herein consist of:

Payable for treasury shares repurchased .....

See accompanying notes to financial statements.

[11]

### 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 U.S. generally accepted accounting principles.

Security Valuation -- Securities are valued at the last or closing sale price or, if unavailable, at the closing bid price. Corporate discount notes and U.S. Treasury Bills 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 U.S. generally accepted accounting principles 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 as of 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 546,800 shares of its Common Stock in the first six months of 2006 at an average price of \$24.69 per share, representing an average discount from net asset value of 13.41%. 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, available for optional stock distributions, or maybe retired.

3. Investment Transactions -- The aggregate cost of securities purchased and the aggregate proceeds of securities sold during the six months ended June 30, 2006, excluding short-term investments, were \$44,532,787 and \$50,042,805, respectively.

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

As of June 30, 2006, based on cost for Federal income tax purposes, the aggregate gross unrealized appreciation and depreciation for all securities were \$328,565,140 and \$6,348,574, respectively.

4. Operating Expenses -- The aggregate remuneration paid during the six months ended June 30, 2006 to officers and directors amounted to \$551,750, of which \$69,250 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, 2006.

[12]

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

5. Affiliates -- The Plymouth Rock Company, Inc. is an affiliate as defined in the Investment Company Act of 1940. During the six months ended June 30, 2006, the Corporation received dividends of \$4,185,300 from affiliates and earned a realized gain of \$4,059,424 from the sale of shares of an affiliate. Unrealized appreciation related to affiliates increased by \$6,504,363 for the six months ended June 30, 2006 to \$116,800,014.

6. Restricted Securities -- The Corporation from time to time invests in securities the resale of which is restricted. On June 30, 2006 such investments had an aggregate value of \$119,862,530, which was equal to 20.0% of the Corporation's net assets. Investments in restricted securities at June 30, 2006, including acquisition dates and cost, were:

Company	Shares	Security	Date Purchased	Cost
Aerogroup International, Inc.	28,751	Common Stock	6/21/05	\$ 17,20
The Plymouth Rock Company, Inc.	70,000	Class A Common Stock	12/15/82 6/9/84	1,500,00 699,98

The Corporation does not have the right to demand registration of the restricted securities. Unrealized appreciation related to restricted securities increased by \$10,717,645 for the six months ended June 30, 2006 to \$117,645,344.

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 \$2.8 million. The lease agreement contains escalation clauses relating to operating costs and real property taxes. Future minimum rental commitments under the lease are \$314,241 per year for 2006 through 2008, \$329,172 for 2009 and \$341,806 annually thereafter.

[13]

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

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF

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

### 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, 2006, and the related statements of operations, changes in net assets, cash flows and financial highlights for the six-month period ended June 30, 2006. 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, 2005 and financial highlights for each of the five years in the period ended December 31, 2005, and in our report dated January 27, 2006 we expressed an unqualified opinion on those financial statements.

KPMG LLP

New York, NY  
July 25, 2006

---

[14]

#### Direct Registration

In December 2005, the Corporation initiated direct registration, a system that allows for book-entry ownership and the electronic transfer of the Corporation's shares. Stockholders may find direct registration a convenient way of managing their investment. Stockholders wishing certificates may request them.

A pamphlet which describes the features and benefits of direct registration, including the ability of shareholders to deposit certificates with our transfer agent, can be obtained by calling Computershare Trust Company at 1-800-756-8200, calling the Corporation at 1-866-593-2507 or visiting our website: [www.centalsecurities.com](http://www.centalsecurities.com) under Contact Us.

#### Annual Meeting of Stockholders

The annual meeting of stockholders of the Corporation was held on March 8, 2006. At the meeting all of the directors of the Corporation were reelected by the following vote of the holders of the Common Stock: Simms C. Browning, 18,104,413 shares in favor, 433,072 withheld; Donald G. Calder, 18,148,315 shares in favor, 389,170 shares withheld; Jay R. Inglis, 18,123,367 shares in favor, 414,118 shares withheld; Dudley D. Johnson, 18,146,473 shares in favor,

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

391,012 shares withheld; Wilmot H. Kidd, 18,123,554 shares in favor, 413,391 shares withheld; and C. Carter Walker, Jr., 18,145,276 shares in favor, 392,209 shares withheld.

In addition, the selection of KPMG LLP as independent auditors of the Corporation for the year 2006 was ratified by the following vote of the holders of the Common Stock: 18,135,964 shares in favor, 323,216 shares against, 78,305 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, 2006 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](http://www.centalsecurities.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

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

### 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](http://www.centalsecurities.com)

### CUSTODIAN

UMB Bank, N. A.  
Kansas City, MO

### TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

P.O. Box 43069, Providence, RI 02940-3069  
 800-756-8200  
 www.computershare.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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. Mr. Wilmot H. Kidd is the President and portfolio manager of the Corporation and has served in that capacity since 1973. He manages no other accounts and accordingly, the Registrant is not aware of any material conflicts with his management of the Corporation's investments. Mr. Kidd's compensation consists primarily of a fixed base salary and a bonus. His compensation is reviewed and approved by the Board of Directors annually. His compensation may be adjusted from year to year based on the Board of Directors perception of overall performance and his management responsibilities. As of June 30, 2006, Mr. Kidd's investment in Central Securities common stock exceeded \$1 million.

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) Max Approx Value) Units) t Purchas Plan
Month #1 (January 1 through January 31)	0	NA	NA	
Month #2 (February 1	451,600	\$24.66	NA	

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

through February 28)

Month #3 (March 1 through March 31)	46,600	\$24.56	NA
Month #4 (April 1 through April 30)	15,800	\$25.32	NA
Month #5 (May 1 through May 31)	0	NA	NA
Month #6 (June 1 through June 30)	32,800	\$24.91	NA
Total	546,800	\$24.69	NA

All shares purchased except the following were made in open market transactions as authorized by the Board of Directors. In February 2006, 406,000 shares were purchased in a private transaction directly from a stockholder.

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 3, 2006.

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

July 28, 2006  
-----

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

July 28, 2006  
-----

Date

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

Charles N. Edgerton  
Treasurer

July 28, 2006  
-----

Date