

CENTRAL SECURITIES CORP  
Form N-CSRS  
August 08, 2014  
**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, 2014

Date of reporting period: June 30, 2014

**Item 1. Reports to Stockholders.**

**CENTRAL SECURITIES CORPORATION**

**SEMI-ANNUAL REPORT**

**JUNE 30, 2014**

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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 | Net asset value | Per Share of Common Stock             |                  |                          | Total dividends and distributions | Unrealized appreciation of investments at end of period |             |
|---|------------------|-----------------|---------------------------------------|------------------|--------------------------|-----------------------------------|---|-------------|
|   |                  |                 | Source of dividends and distributions | Ordinary income* | Long-term capital gains* |                                   |   |             |
| 1988  | \$ 118,930,727   | \$ 11.77        |                                       |                  |                          |                                   | \$ 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 |
| 2012  | 569,465,087      | 24.53           | .51                                   | .43              |                          | .94                               |   | 247,684,116 |
| 2013  | 648,261,868      | 26.78           | .12                                   | 3.58             |                          | 3.70                              |   | 305,978,151 |
| Six mos. to June 30, 2014***                      | 680,152,702      | 28.20           | .04                                   | .16              |                          | .20                               |   | 325,010,287 |
| Total dividends and distributions for the period: |                  |                 | \$ 7.32                               | \$ 36.28         |                          | \$ 43.60                          |   |             |

\* 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 under the symbol CET. On June 30, 2014, the closing market price was \$23.45 per share.

[ 2 ]

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To the Stockholders of

CENTRAL SECURITIES CORPORATION:

Financial statements for the six months ended June 30, 2014 reviewed by our independent registered public accounting firm and other pertinent information are submitted herewith.

Comparative net assets are as follows:

|                                      | June 30,<br>2014<br>(Unaudited) | December 31,<br>2013 |
|--------------------------------------|---------------------------------|----------------------|
| Net assets                           | \$680,152,702                   | \$648,261,868        |
| Net assets per share of Common Stock | 28.20                           | 26.78                |
| Shares of Common Stock outstanding   | 24,117,323                      | 24,207,823           |

Comparative operating results are as follows:

|  | Six months ended June 30, |             |
|--|---------------------------|-------------|
|  | 2014                      | 2013        |
|  | (Unaudited)               | (Unaudited) |
| Net investment income                                  | \$1,554,659               | \$927,092   |
| Per share of Common Stock                              | .06 *                     | .04 *       |
| Net realized gain on sale of investments               | 18,106,748                | 18,986,170  |
| Increase in net unrealized appreciation of investments | 19,032,136                | 30,222,614  |
| Increase in net assets resulting from operations       | 38,693,543                | 50,135,876  |

\*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 24, 2014 to stockholders of record as of June 10, 2014. Stockholders will be sent a notice concerning the taxability of all 2014 distributions early in 2015.

During the first six months of 2014, the Corporation purchased 93,500 shares of its Common Stock at an average price of \$21.88 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.

Stockholders' inquiries are welcome.

CENTRAL SECURITIES CORPORATION

WILMOT H. KIDD, *President*

630 Fifth Avenue  
New York, NY 10111  
July 23, 2014

[ 3 ]

## PRINCIPAL PORTFOLIO CHANGES

April 1 to June 30, 2014

(Unaudited)

(Common Stock unless specified otherwise)

|  | Number of Shares |         | Held<br>June 30,<br>2014 |
|--|------------------|---------|--------------------------|
|  | Purchased        | Sold    |                          |
| Aerogroup International, Inc.                                |                  | 20,000  | —                        |
| Amazon.com, Inc.   | 10,000           |         | 10,000                   |
| Analog Devices, Inc.   |                  | 40,000  | 560,000                  |
| Ascent Capital Group, Inc.                                   | 27,600           |         | 27,600                   |
| CEVA, Inc.   |                  | 31,100  | 261,000                  |
| eBay Inc.  | 20,000           |         | 220,000                  |
| Encana Corporation   |                  | 250,000 | —                        |
| Flextronics International Ltd.                               |                  | 500,000 | —                        |
| GeoMet, Inc. Series A Convertible Redeemable Preferred Stock | 9,801 (a)        |         | 323,462                  |
| Intel Corporation  |                  | 190,000 | 1,300,000                |
| Motorola Solutions, Inc.                                     | 40,000           |         | 300,000                  |
| Murphy USA, Inc.   |                  | 70,000  | —                        |
| Occidental Petroleum Corporation                             | 100,000          |         | 100,000                  |
| The Plymouth Rock Company, Inc.                              |                  | 236     | 34,424                   |
| Roper Industries, Inc.                                       |                  | 10,000  | 100,000                  |
| Tesco PLC  |                  | 400,000 | —                        |
| TRI Pointe Homes, Inc.                                       | 600,000          |         | 600,000                  |

(a) Received as a dividend.

[ 4 ]



## TEN LARGEST INVESTMENTS

June 30, 2014  
(Unaudited)

|   | Cost       | Value   | Percent<br>of<br>Net<br>Assets | Year<br>First<br>Acquired |
|---|------------|---------|--------------------------------|---------------------------|
|   | (millions) |         |                                |                           |
| The Plymouth Rock Company, Inc.         | \$0.9      | \$132.5 | 19.5%                          | 1982                      |
| Coherent, Inc.                          | 17.5       | 43.5    | 6.4                            | 2007                      |
| Intel Corporation                       | 16.3       | 40.2    | 5.9                            | 1986                      |
| The Bank of New York Mellon Corporation | 18.3       | 34.7    | 5.1                            | 1993                      |
| Agilent Technologies, Inc.              | 12.6       | 33.9    | 5.0                            | 2005                      |
| Analog Devices, Inc.                    | 7.6        | 30.3    | 4.5                            | 1987                      |
| Motorola Solutions, Inc.                | 14.3       | 20.0    | 2.9                            | 2000                      |
| Capital One Financial Corporation       | 13.0       | 19.8    | 2.9                            | 2013                      |
| Walgreen Co.                            | 10.0       | 19.3    | 2.8                            | 2007                      |
| Citigroup Inc.                          | 19.7       | 18.8    | 2.8                            | 2013                      |

## DIVERSIFICATION OF INVESTMENTS

June 30, 2014  
(Unaudited)

|                                      | Issues | Cost        | Value         | Percent of Net<br>Assets |                             |
|--------------------------------------|--------|-------------|---------------|--------------------------|-----------------------------|
|                                      |        |             |               | June<br>30,<br>2014      | December<br>31,<br>2013 (a) |
| Common Stocks:                       |        |             |               |                          |                             |
| Insurance                            | 2      | \$4,789,505 | \$136,913,600 | 20.1%                    | 17.7%                       |
| Banking and Finance                  | 4      | 58,717,287  | 83,416,500    | 12.3                     | 10.5                        |
| Technology Hardware and<br>Equipment | 4      | 48,289,569  | 75,906,991    | 11.2                     | 12.5                        |
| Semiconductor                        | 3      | 26,599,065  | 74,304,170    | 10.9                     | 12.3                        |
| Health Care                          | 3      | 29,098,886  | 58,211,600    | 8.6                      | 8.5                         |
| Energy                               | 3      | 20,074,560  | 39,227,400    | 5.8                      | 5.5                         |
| Diversified Industrial               | 3      | 9,326,049   | 38,794,300    | 5.7                      | 6.1                         |
| Software and Services                | 3      | 26,998,358  | 28,182,700    | 4.1                      | 3.4                         |
| Retailing                            | 2      | 12,907,151  | 22,521,600    | 3.3                      | 3.4                         |
| Other                                | 8      | 51,185,032  | 56,651,353    | 8.3                      | 8.2                         |
| Preferred Stocks:                    |        |             |               |                          |                             |
| Energy                               | 1      | 2,027,220   | 892,755       | 0.1                      | 0.4                         |
| Short-Term Investments:              |        |             |               |                          |                             |
| U.S. Treasury Bills                  | 2      | 54,999,885  | 54,999,885    | 8.1                      | 9.3                         |

(a) Certain investments from 2013 have been reclassified to conform to 2014 presentation.  
[ 5 ]

## STATEMENT OF INVESTMENTS

June 30, 2014

(Unaudited)

**COMMON STOCKS 90.3%**

| <u>Shares</u>                                   | <u>Value</u>  |
|---|---------------|
| <b>Banking and Finance 12.3%</b>                |               |
| 925,000 The Bank of New York Mellon Corporation | \$ 34,669,000 |
| 240,000 Capital One Financial Corporation       | 19,824,000    |
| 400,000 Citigroup Inc.                          | 18,840,000    |
| 175,000 JPMorgan Chase & Co.                    | 10,083,500    |
|   | 83,416,500    |
| <b>Commercial Services 2.8%</b>                 |               |
| 150,000 Clean Harbors, Inc. (a)                 | 9,637,500     |
| 488,712 Heritage-Crystal Clean, Inc. (a)        | 9,593,417     |
|   | 19,230,917    |
| <b>Consumer Goods 2.6%</b>                      |               |
| 150,000 Coach, Inc.                             | 5,128,500     |
| 102,000 Leggett & Platt, Inc.                   | 3,496,560     |
| 600,000 TRI Pointe Homes, Inc. (a)              | 9,432,000     |
|   | 18,057,060    |
| <b>Consumer Services 0.3%</b>                   |               |
| 27,600 Ascent Capital Group, Inc. (a)           | 1,821,876     |
| <b>Diversified Industrial 5.7%</b>              |               |
| 590,000 Brady Corporation Class A               | 17,623,300    |
| 250,000 General Electric Company                | 6,570,000     |
| 100,000 Roper Industries, Inc.                  | 14,601,000    |
|   | 38,794,300    |
| <b>Energy 5.8%</b>                              |               |
| 280,000 Murphy Oil Corporation                  | 18,614,400    |
| 100,000 Occidental Petroleum Corporation        | 10,263,000    |
| 300,000 QEP Resources, Inc.                     | 10,350,000    |
|   | 39,227,400    |
| <b>Health Care 8.6%</b>                         |               |
| 590,000 Agilent Technologies, Inc.              | 33,889,600    |
| 200,000 Medtronic, Inc.                         | 12,752,000    |
| 200,000 Merck & Co., Inc.                       | 11,570,000    |
|   | 58,211,600    |

**Insurance 20.1%**

|        |  |                            |
|--------|--|----------------------------|
| 10,000 | Alleghany Corporation (a)                            | 4,381,200                  |
| 34,424 | The Plymouth Rock Company, Inc.<br>Class A (a)(b)(c) | 132,532,400<br>136,913,600 |

**Metals and Mining 2.6%**

|         |                           |                          |
|---------|---------------------------|--------------------------|
| 150,000 | Cameco Corporation        | 2,941,500                |
| 400,000 | Freeport-McMoRan Inc. (d) | 14,600,000<br>17,541,500 |

[ 6 ]

| <u>Shares</u>                                  |  | <u>Value</u>   |
|--|--|----------------|
| <b>Retailing 3.3%</b>                          |  |                |
| 10,000   | Amazon.com, Inc. (a)   | \$ 3,247,800   |
| 260,000  | Walgreen Co.   | 19,273,800     |
|  |  | 22,521,600     |
| <b>Semiconductor 10.9%</b>                     |  |                |
| 560,000  | Analog Devices, Inc.   | 30,279,200     |
| 261,000  | CEVA, Inc. (a)   | 3,854,970      |
| 1,300,000                                      | Intel Corporation  | 40,170,000     |
|  |  | 74,304,170     |
| <b>Software and Services 4.1%</b>              |  |                |
| 220,000  | eBay Inc. (a)  | 11,013,200     |
| 50,000   | International Business Machines Corporation  | 9,063,500      |
| 200,000  | Oracle Corporation   | 8,106,000      |
|  |  | 28,182,700     |
| <b>Technology Hardware and Equipment 11.2%</b> |  |                |
| 657,000  | Coherent, Inc. (a)   | 43,473,690     |
| 300,000  | Motorola Solutions, Inc.   | 19,971,000     |
| 484,900  | RadiSys Corporation (a)  | 1,692,301      |
| 3,000,000                                      | Sonus Networks, Inc. (a)   | 10,770,000     |
|  |  | 75,906,991     |
|  | Total Common Stocks<br>(cost \$287,985,462)  | 614,130,214    |
| <b>PREFERRED STOCKS 0.1%</b>                   |  |                |
| <b>Energy 0.1%</b>                             |  |                |
| 323,462  | GeoMet, Inc. Series A Convertible Redeemable<br>Preferred Stock (e) (cost \$2,027,220) | 892,755        |
| <b>SHORT-TERM INVESTMENTS 8.1%</b>             |  |                |
| <i>Principal</i>                               |  |                |
| <b>U.S. Treasury Bills 8.1%</b>                |  |                |
| \$55,000,000                                   | U.S. Treasury Bills 0.005% – 0.035%, due<br>7/3/14 – 7/17/14 (e) (cost \$54,999,885)   | 54,999,885     |
|  | Total Investments<br>(cost \$345,012,567) (f) (98.5%)                                  | 670,022,854    |
|  | Cash, receivables and other assets<br>less liabilities (1.5%)                          | 10,129,848     |
|  | Net Assets (100%)  | \$ 680,152,702 |

- (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) Formerly known as Freeport-McMoRan Copper & Gold Inc.
- (e) Valued based on Level 2 inputs – see Note 2.
- (f) Aggregate cost for Federal tax purposes is substantially the same.  
See accompanying notes to financial statements.

[ 7 ]

## STATEMENT OF ASSETS AND LIABILITIES

June 30, 2014  
(Unaudited)

## ASSETS:

## Investments:

|  |               |               |
|--|---------------|---------------|
| General portfolio securities at market value<br>(cost \$289,152,082)   | \$482,490,569 |               |
| Securities of affiliated companies (cost \$860,600)<br>(Notes 5 and 6) | 132,532,400   |               |
| Short-term investments (cost \$54,999,885)                             | 54,999,885    | \$670,022,854 |
| Cash, receivables and other assets:                                    |               |               |
| Cash   | 15,961,609    |               |
| Dividends receivable   | 552,609       |               |
| Office equipment and leasehold improvements, net                       | 29,853        |               |
| Other assets   | 74,335        | 16,618,406    |
| Total Assets   |               | 686,641,260   |

## LIABILITIES:

|                                  |           |               |
|----------------------------------|-----------|---------------|
| Payable for securities purchased | 5,904,228 |               |
| Accrued expenses and reserves    | 584,330   |               |
| Total Liabilities                |           | 6,488,558     |
| NET ASSETS                       |           | \$680,152,702 |

NET ASSETS are represented by:

|  |               |               |
|--|---------------|---------------|
| Common Stock \$1 par value: authorized 30,000,000 shares;<br>issued 24,210,823 (Notes 3 and 8) |               | \$24,210,823  |
| Surplus:   |               |               |
| Paid-in  | \$314,639,468 |               |
| Undistributed net gain from sale of investments  | 17,353,514    |               |
| Undistributed net investment income  | 984,390       | 332,977,372   |
| Net unrealized appreciation of investments   |               | 325,010,287   |
| Treasury stock, at cost (93,500 shares of<br>Common Stock) (Note 3)                            |               | (2,045,780 )  |
| NET ASSETS   |               | \$680,152,702 |
| NET ASSET VALUE PER COMMON SHARE<br>(24,117,323 shares outstanding)                            |               | \$28.20       |

See accompanying notes to financial statements.

[ 8 ]

## STATEMENT OF OPERATIONS

For the six months ended June 30, 2014  
(Unaudited)

## INVESTMENT INCOME

## Income:

|   |             |             |
|---|-------------|-------------|
| Dividends (net of foreign withholding taxes of \$6,731) | \$3,771,626 |             |
| Interest  | 8,148       | \$3,779,774 |

## Expenses:

|   |         |           |
|---|---------|-----------|
| Investment research                                       | 789,676 |           |
| Administration and operations                             | 754,516 |           |
| Occupancy and office operating expenses                   | 265,803 |           |
| Directors' fees   | 143,786 |           |
| Software and information services                         | 52,238  |           |
| Franchise and miscellaneous taxes                         | 48,361  |           |
| Stockholder communications and meetings                   | 42,202  |           |
| Legal, auditing and tax preparation fees                  | 35,674  |           |
| Transfer agent, registrar and custodian fees and expenses | 32,158  |           |
| Travel and related expenses                               | 19,734  |           |
| Miscellaneous   | 40,967  | 2,225,115 |
| Net investment income                                     |         | 1,554,659 |

## NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS

## Net realized gain from:

|  |            |              |
|--|------------|--------------|
| Unaffiliated companies                                 | 17,114,368 |              |
| Affiliated companies                                   | 992,380    | 18,106,748   |
| Increase in net unrealized appreciation of investments |            | 19,032,136   |
| Net gain on investments                                |            | 37,138,884   |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS   |            | \$38,693,543 |

See accompanying notes to financial statements.

[ 9 ]



## STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2014  
and the year ended December 31, 2013

|   | Six months<br>ended<br>June 30, 2014<br>(Unaudited) | Year ended<br>December 31,<br>2013 |
|---|---|------------------------------------|
| FROM OPERATIONS:  |   |                                    |
| Net investment income   | \$1,554,659   | \$2,343,328                        |
| Net realized gain from investment transactions  | 18,106,748  | 82,530,787                         |
| Increase in net unrealized appreciation of investments  | 19,032,136  | 58,294,035                         |
| Net increase in net assets resulting from operations  | 38,693,543  | 143,168,150                        |
| DISTRIBUTIONS TO STOCKHOLDERS FROM:   |   |                                    |
| Net investment income   | (964,693 )  | (2,736,822 )                       |
| Net realized gain from investment transactions  | (3,858,772 )  | (81,454,103 )                      |
| Decrease in net assets from distributions   | (4,823,465 )  | (84,190,925 )                      |
| FROM CAPITAL SHARE TRANSACTIONS: (Notes 3 and 8)  |   |                                    |
| Distribution to stockholders reinvested in Common Stock   | —   | 32,402,928                         |
| Issuance of shares of Common Stock to directors and employees   | 66,536  | 177,888                            |
| Cost of treasury stock purchased  | (2,045,780 )  | (12,761,260 )                      |
| Increase (decrease) in net assets from capital<br>share transactions                                      | (1,979,244 )  | 19,819,556                         |
| Total increase in net assets  | 31,890,834  | 78,796,781                         |
| NET ASSETS:   |   |                                    |
| Beginning of period   | 648,261,868   | 569,465,087                        |
| End of period (including undistributed net investment income<br>of \$984,390 and \$394,423, respectively) | \$680,152,702                                       | \$648,261,868                      |

See accompanying notes to financial statements.

[ 10 ]

## STATEMENT OF CASH FLOWS

For the six months ended June 30, 2014  
(Unaudited)

## CASH FLOWS FROM OPERATING ACTIVITIES:

|  |                |              |
|--|----------------|--------------|
| Net increase in net assets from operations                 |                | \$38,693,543 |
| Adjustments to net increase in net assets from operations: |                |              |
| Purchases of securities                                    | \$(51,487,972) |              |
| Proceeds from securities sold                              | 47,506,815     |              |
| Net decrease in short-term investments                     | 4,997,179      |              |
| Net realized gain from investments                         | (18,106,748)   |              |
| Increase in net unrealized appreciation of investments     | (19,032,136)   |              |
| Depreciation and amortization                              | 24,129         |              |
| Non-cash stock compensation                                | 66,536         |              |
| Changes in operating assets and liabilities:               |                |              |
| Increase in dividends receivable                           | (32,077 )      |              |
| Decrease in receivable for securities sold                 | 517,088        |              |
| Increase in office equipment and leasehold improvements    | (1,939 )       |              |
| Decrease in other assets                                   | 5,805          |              |
| Increase in payable for securities purchased               | 5,904,228      |              |
| Increase in accrued expenses and reserves                  | 294,873        |              |
| Total adjustments  |                | (29,344,219) |
| Net cash provided by operating activities                  |                | 9,349,324    |

## CASH FLOWS FROM FINANCING ACTIVITIES:

|   |              |              |
|---|--------------|--------------|
| Dividends and distributions paid        | (4,823,465 ) |              |
| Treasury stock purchased                | (2,045,780 ) |              |
| Cash flows used in financing activities |              | (6,869,245 ) |
| Net increase in cash                    |              | 2,480,079    |
| Cash at beginning of period             |              | 13,481,530   |
| Cash at end of period                   |              | \$15,961,609 |

## SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

|   |          |
|---|----------|
| Non-cash financing activities not included herein consist of: |          |
| Issuance of shares of Common Stock to directors               | \$66,536 |

See accompanying notes to financial statements.

[ 11 ]

NOTES TO FINANCIAL STATEMENTS — (Unaudited)

1. *Significant Accounting Policies* — Central Securities Corporation (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. These policies are in conformity with generally accepted accounting principles.

*Security Valuation* — Marketable common and preferred stocks are valued at the last or closing sale price or, if unavailable, at the closing bid price. Short-term investments are valued at amortized cost, which approximates fair value. Securities for which no ready market exists are valued at estimated fair value pursuant to procedures adopted 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 and net capital gains to its stockholders. Management has analyzed positions taken on the Corporation’s tax returns and has determined that no provision for income taxes is required in the accompanying financial statements.

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

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

2. *Fair Value Measurements* — The Corporation’s investments are categorized below in three broad hierarchical levels based on market price observability as follows:

*Level 1* — Quoted prices in active markets for identical investments;

*Level 2* — Other significant observable inputs obtained from independent sources, for example, quoted prices for similar investments or the use of models or other valuation methodologies;

*Level 3* — Significant unobservable inputs including the Corporation’s own assumptions based upon the best information available. Investments categorized as Level 3 include securities in which there is little, if any, market activity. The Corporation’s Level 3 investments consist of The Plymouth Rock Company, Inc. (“Plymouth Rock”).

The designated Level for a security is not necessarily an indication of the risk associated with investing in that security.

[ 12 ]

## NOTES TO FINANCIAL STATEMENTS — continued (unaudited)

The Corporation's investments as of June 30, 2014 are classified as follows:

|                        | Level 1        | Level 2       | Level 3        | Total Value    |
|------------------------|----------------|---------------|----------------|----------------|
| Common stocks          | \$ 481,597,814 | —             | \$ 132,532,400 | \$ 614,130,214 |
| Preferred stocks       | —              | \$ 892,755    | —              | 892,755        |
| Short-term investments | —              | 54,999,885    | —              | 54,999,885     |
| Total                  | \$ 481,597,814 | \$ 55,892,640 | \$ 132,532,400 | \$ 670,022,854 |

The Corporation may invest in exchange-traded securities that do not actively trade. Such securities will be classified as Level 1 if there are observable trading activities on the valuation date. Otherwise these securities will be classified as Level 2. The Corporation's investment in GeoMet, Inc. Series A Preferred Stock, which is an exchange-traded security, was classified as Level 2 on June 30, 2014, and its value was based on the closing bid price. It was classified as Level 1 on December 31, 2013, and was valued based on its closing sale price. There were no other transfers between Levels 1, 2 and 3 during the six months ended June 30, 2014.

The following is a reconciliation of the change in the value of Level 3 investments:

|  |                |
|--|----------------|
| Balance as of December 31, 2013  | \$ 111,451,400 |
| Net realized gains and change in net unrealized appreciation of investments included in net increase in net assets resulting from operations | 22,754,487     |
| Sales  | (1,673,487 )   |
| Balance as of June 30, 2014  | \$ 132,532,400 |

Unrealized appreciation of Level 3 investments held at June 30, 2014 increased during the six months ended June 30, 2014 by \$22,375,600, which is included in the above table. In valuing Level 3 investments, the Corporation considers the results of various valuation methods. Consideration is also given to corporate governance, marketability, professional appraisals, transaction prices, company and industry results and outlooks, and general market conditions. Management recommends a value for each investment in light of all the information available. This information is subsequently presented to and discussed with the Corporation's Board of Directors, which selects the value. The determination of fair value involves subjective judgments. As a result, using fair value to price a security may result in a price materially different from the price used by other investors or the price that may be realized upon the actual sale of the security.

In valuing the Plymouth Rock Level 3 investment as of June 30, 2014, management used a number of significant unobservable inputs to develop a range of possible values for the investment. It used a comparable company approach that applied average market multiples from selected publicly traded companies to financial information from each of Plymouth Rock's major business segments. The market multiples used were price-to-book value, price-to-earnings and price-to-revenue. Management also used a discounted cash flow model based on a forecasted earnings growth rate ranging from 2.5%–4% and a

NOTES TO FINANCIAL STATEMENTS — continued (unaudited)

weighted average cost of capital of 11%. An independent valuation of Plymouth Rock's shares was also considered. The values obtained from weighting the three sources described above (with greater weight given to the comparable company approach) were then discounted by 20% and 40% for the lack of marketability, which represents the range of rates management believes market participants would apply. The resulting range of values, together with the underlying support, other information about Plymouth Rock's financial condition and results of operations, its industry outlook, and transactions in Plymouth Rock's shares were considered by management, which recommended a value for the investment. All of this information was subsequently considered by the Corporation's directors, who selected the value.

Significant increases (decreases) in the price-to-book value multiple, price-to-earnings multiple, price-to-revenue multiple and earnings growth rate in isolation would result in a higher (lower) range of fair value measurements. Significant increases (decreases) in the discount for lack of marketability or weighted average cost of capital in isolation would result in a lower (higher) range of fair value measurements.

3. *Common Stock Purchases* — The Corporation may from time to time purchase its 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 stock distributions, or may be retired. During the six months ended June 30, 2014, the Corporation purchased 93,500 shares as treasury stock at an average price of \$21.88 per share representing an average discount from net asset value of 17.7%.

4. *Investment Transactions* — The aggregate cost of securities purchased and the aggregate proceeds of securities sold during the six months ended June 30, 2014, excluding short-term investments, were \$51,487,972 and \$47,506,815, respectively.

As of June 30, 2014, based on cost for Federal income tax purposes, the aggregate gross unrealized appreciation and depreciation for all securities were \$334,634,433 and \$9,624,146, respectively.

5. *Affiliated Companies* — Plymouth Rock is an affiliated company as defined in the Investment Company Act of 1940 due to the Corporation's ownership of 5% or more of the company's outstanding voting securities. During the six months ended June 30, 2014, the Corporation sold 236 shares of Plymouth Rock for proceeds of \$998,280. The President of the Corporation is a director of Plymouth Rock.

[ 14 ]

NOTES TO FINANCIAL STATEMENTS — continued (unaudited)

6. *Restricted Securities* — The Corporation from time to time invests in securities the resale of which is restricted. The Corporation does not have the right to demand registration of the restricted securities.

On June 30, 2014, the Corporation's restricted securities consisted of 34,424 shares of Plymouth Rock that were acquired on December 15, 1982 at a cost of \$860,600. These securities had a value of \$132,532,400 at June 30, 2014, which was equal to 19.5% of the Corporation's net assets.

7. *Bank Line of Credit* — The Corporation has entered into a \$25 million uncommitted, secured revolving line of credit with UMB Bank, n.a. ("UMB"), the Corporation's custodian. All borrowings are payable on demand of UMB. Interest on any borrowings is payable monthly at a rate based on the federal funds rate, subject to a minimum annual rate of 2.50%. During the six months ended June 30, 2014, there were no outstanding borrowings.

8. *Compensation and Benefit Plans* — The aggregate remuneration paid during the six months ended June 30, 2014 to all officers was \$965,000. This amount represents the taxable income to these officers and therefore differs from the amounts included in the accompanying Statement of Operations that are expensed in accordance with generally accepted accounting principles.

Officers and other employees participate in a 401(k) and profit sharing plan. The Corporation has agreed to contribute 3% of each participant's qualifying compensation to the plan, which is immediately vested. Contributions in excess of 3% may be made at the discretion of the Board of Directors and vest after three years of service. During the six months ended June 30, 2014, the Corporation accrued \$92,813 related to the plan.

The Corporation maintains an incentive compensation plan (the "2012 Plan") which permits the grant of awards of unrestricted stock, restricted stock, restricted stock units and cash to full-time employees and non-employee directors of the Corporation. The 2012 Plan provides for the issuance of up to 1,000,000 shares of the Corporation's Common Stock over the ten-year life of the 2012 Plan, of which 978,781 remain available for future grants at June 30, 2014. The 2012 Plan limits the amount of shares that can be awarded to any one person in total or within a certain time period. Any award made under the 2012 Plan may be subject to performance conditions. The 2012 Plan is administered by the Corporation's Compensation and Nominating Committee (the "Committee").

Pursuant to the terms of the 2012 Plan, each non-employee director is awarded 500 shares of vested unrestricted Common Stock at his initial election to the Board of Directors or at his continuation of service as a director after the Corporation's annual meeting. During the six months ended June 30, 2014, non-employee directors were granted a total of 3,000 shares of Common Stock valued at \$22.1785 per share, which was the average of the high and low prices of the Corporation's Common Stock on the grant date. The aggregate share value of \$66,536 plus cash payments of \$77,250 made to all non-employee directors are included in Directors' Fees expense in the accompanying Statement of Operations.

[ 15 ]

NOTES TO FINANCIAL STATEMENTS — continued (unaudited)

On December 12, 2012, the Corporation granted a performance-based award to an officer. Achievement of this award is based on the Corporation satisfying at least one of three performance goals determined by the Committee over the period from January 1, 2013 through June 30, 2014 (the “2014 Performance Period”). Two of the performance goals are based on the Corporation’s absolute and relative investment performance and the third is based on its ratio of expenses to average net assets. The maximum amount payable under this grant is \$1,000,000, of which a maximum of one-third of this amount relates to each performance goal. The Committee has full discretion to reduce the amount awarded for the achievement of any of the performance goals to zero. For the 2014 Performance Period, the Corporation satisfied two of the performance goals. On July 23, 2014, the Committee awarded the officer \$204,250, of which half will be paid through the issuance of shares of Common Stock of the Corporation valued at \$24.00 per share and the balance will be paid in cash. The total award amount was accrued ratably during the 2014 Performance Period.

On July 23, 2014, the Corporation granted a new performance-based award to an officer. The terms of and the amounts payable under the new award are the same as for the award for the 2014 Performance Period described above except that the new performance period is the period from July 1, 2014 through June 30, 2015 (the “2015 Performance Period”). The Corporation will accrue compensation expense relating to this award ratably during the 2015 Performance Period based on management’s estimate of the final amount to be awarded when it believes any of the goals are probable of achievement.

9. *Operating Lease Commitment* — The Corporation has extended its operating lease for office space, which was to expire at June 30, 2014, until June 30, 2019. Future minimum rental commitments under the amended lease aggregate \$1.8 million as follows: \$111,202 in 2014, \$374,884 annually in 2015 – 2018 and \$187,442 in 2019. The lease agreement contains escalation clauses relating to operating costs and real property taxes. Under the amended terms, the landlord may terminate the lease after December 31, 2015 with one-year’s notice, in which case the Corporation’s rental commitment would end as of the termination date.

[ 16 ]

## FINANCIAL HIGHLIGHTS

The following table shows per share operating performance data, total returns, ratios and supplemental data for the six months ended June 30, 2014 and each year in the five-year period ended December 31, 2013. This information has been derived from information contained in the financial statements and market price data for the Corporation's shares.

The Corporation's total returns reflect changes in market price or net asset value, as applicable, and assume reinvestment of all distributions. Distributions that are payable only in cash are assumed to be reinvested at the market price or net asset value, as applicable, on the payable date of the distribution. Distributions that may be taken in shares are assumed to be reinvested at the price designated by the Corporation.

|   | Six Months<br>Ended<br>June 30,<br>2014<br>(Unaudited) |            |            |            |            |            |
|---|--|------------|------------|------------|------------|------------|
|   | 2013   | 2012       | 2011       | 2010       | 2009       |            |
| Per Share Operating Performance                             |  |            |            |            |            |            |
| Net asset value, beginning of period                        | \$ 26.78   | \$ 24.53   | \$ 24.96   | \$ 26.06   | \$ 22.32   | \$ 17.79   |
| Net investment income*                                      | .06  | .10        | .53        | .43        | .45        | .29        |
| Net realized and unrealized gain (loss)<br>on securities*   | 1.56   | 5.85       | (.02 )     | (.53 )     | 4.19       | 4.89       |
| Total from investment<br>operations                         | 1.62   | 5.95       | .51        | (.10 )     | 4.64       | 5.18       |
| Less:   |  |            |            |            |            |            |
| Dividends from net investment income                        | .04  | .12        | .51        | .43        | .45        | .33        |
| Distributions from capital gains                            | .16  | 3.58       | .43        | .57        | .45        | .32        |
| Total distributions   | .20  | 3.70       | .94        | 1.00       | .90        | .65        |
| Net asset value, end of period                              | \$ 28.20   | \$ 26.78   | \$ 24.53   | \$ 24.96   | \$ 26.06   | \$ 22.32   |
| Per share market value,<br>end of period                    | \$ 23.45   | \$ 21.72   | \$ 19.98   | \$ 20.46   | \$ 21.97   | \$ 17.98   |
| Total investment return,<br>market (%)                      | 9.24   | 28.40      | 1.25       | (2.50 )    | 27.14      | 26.97      |
| Total investment return, NAV (%)                            | 6.05   | 28.36      | 2.70       | .18        | 21.73      | 30.15      |
| Ratios/Supplemental Data:                                   |  |            |            |            |            |            |
| Net assets, end of period (000)                             | \$ 680,153   | \$ 648,262 | \$ 569,465 | \$ 574,188 | \$ 593,524 | \$ 504,030 |
| Ratio of expenses to average net<br>assets (%)              | .69  | † .77      | .79        | .71        | .78        | .91        |
| Ratio of net investment income to<br>average net assets (%) | .48  | † .38      | 2.14       | 1.62       | 1.92       | 1.49       |
| Portfolio turnover rate (%)                                 | 8.19   | 16.72      | 3.55       | 8.07       | 6.67       | 7.94       |

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

†Annualized, not necessarily indicative of full year ratio.

See accompanying notes to financial statements.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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, 2014, and the related statements of operations, changes in net assets, cash flows and financial highlights for the six-month period ended June 30, 2014. These interim financial statements and financial highlights are the responsibility of Central Securities Corporation's management.

We conducted our review in accordance with the standards of 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 interim financial statements and financial highlights referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the statement of changes in net assets for the year ended December 31, 2013 and financial highlights for each of the years in the five-year period ended December 31, 2013, and in our report, dated February 3, 2014, we expressed an unqualified opinion on such statement of changes in net assets and financial highlights.

KPMG LLP

New York, NY  
July 25, 2014

[ 18 ]

OTHER STOCKHOLDER INFORMATION

Direct Registration

The Corporation utilizes 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.

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, 2014 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.

Annual Meeting of Stockholders

The annual meeting of stockholders of the Corporation was held on March 19, 2014. At the meeting, all of the directors of the Corporation were reelected by the following vote of the holders of the Common Stock:

|                       | In Favor   | Withheld |
|-----------------------|------------|----------|
| L. Price Blackford    | 21,590,345 | 190,152  |
| Simms C. Browning     | 21,456,522 | 323,975  |
| Donald G. Calder      | 21,445,338 | 335,159  |
| David C. Colander     | 21,591,857 | 188,640  |
| Jay R. Inglis         | 21,365,665 | 414,832  |
| Wilmot H. Kidd        | 21,447,222 | 333,275  |
| C. Carter Walker, Jr. | 21,440,899 | 339,598  |

A proposal to approve the selection of KPMG LLP as independent auditors of the Corporation for the year 2014 was ratified with 21,612,427 votes in favor, 107,691 votes against and 60,379 votes abstaining.

BOARD OF DIRECTORS

Wilmot H. Kidd, Chairman  
David C. Colander, Lead Independent Director  
L. Price Blackford  
Simms C. Browning  
Donald G. Calder  
Jay R. Inglis  
C. Carter Walker, Jr.

OFFICERS

Wilmot H. Kidd, President  
Marlene A. Krumholz, Vice President and Secretary  
Andrew J. O'Neill, Vice President  
Lawrence P. Vogel, Vice President and Treasurer

OFFICE

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New York, NY 10111  
212-698-2020  
866-593-2507 (toll-free)  
[www.centalsecurities.com](http://www.centalsecurities.com)

TRANSFER AGENT AND REGISTRAR

Computershare Trust Company, N.A.  
P.O. Box 30170, College Station, TX 77842-3170  
800-756-8200  
[www.computershare.com](http://www.computershare.com)

CUSTODIAN

UMB Bank, n.a.  
Kansas City, MO

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

KPMG LLP  
New York, NY

[ 20 ]

**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. Investments.**

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

(b) Not applicable.

**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.** The information required by this Item is only required in an annual report on this Form N-CSR.

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

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| 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 Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs |
|--|---|--|---|---|
| Month #1<br>(January 1 through January 31)   | 93,500  | \$21.88                                    | NA  | NA  |
| Month #2<br>(February 1 through February 28) | 0   | NA   | NA  | NA  |
| Month #3<br>(March 1 through March 31)       | 0   | NA   | NA  | NA  |
| Month #4 (April 1 through April 30)          | 0   | NA   | NA  | NA  |
| Month #5 (May 1 through May 31)              | 0   | NA   | NA  | NA  |
| Month #6 (June 1 through June 30)            | 0   | NA   | NA  | NA  |
| Total  | 93,500  | \$21.88                                    | NA  | NA  |

**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 7, 2014.

**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-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 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)(1) 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.

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940. Attached hereto.

(a)(3) 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.

(b) Certifications of the principal executive officer and principal financial officer, as required by Rule 30a-2(b) under the Investment Company Act of 1940. Attached hereto.

**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, 2014

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, 2014

Date

By: /s/ Lawrence P. Vogel

Lawrence P. Vogel

Treasurer

August 8, 2014

Date