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CENTRAL SECURITIES CORP  
Form N-CSR  
August 04, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT  
INVESTMENT COMPANIES

Investment Company Act File Number 811-179

Name of registrant as specified in charter: Central Securities Corporation

Address of principal executive offices:

375 Park Avenue  
Suite 3404  
New York, New York 10152

Name and address of agent for service:

Central Securities Corporation, Wilmot H. Kidd, President  
375 Park Avenue  
Suite 3404  
New York, New York 10152

Registrant's telephone number, including area code: 212-688-3011

Date of fiscal year end: December 31, 2003

Date of reporting period: January 1, 2003 - June 30, 2003

Item 1. Reports to Stockholders.

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CENTRAL SECURITIES CORPORATION

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SEMI-ANNUAL REPORT  
JUNE 30, 2003

=====

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

| Total<br>net | Convertible<br>Preference | Per Share of Common Stock |                   |       |           | Net<br>inv |
|--------------|---------------------------|---------------------------|-------------------|-------|-----------|------------|
|              |                           | Net<br>asset              | Net<br>investment | Divi- | Distribu- |            |

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| Year                            | assets        | Stock (A)    | value   | income (B) | dends (C) | tions (C) |       |
|---------------------------------|---------------|--------------|---------|------------|-----------|-----------|-------|
| ----                            | -----         | -----        | -----   | -----      | -----     | -----     | ----- |
| 1992                            | \$165,599,864 | \$10,019,000 | \$14.33 |            |           |           |       |
| 1993                            | 218,868,360   | 9,960,900    | 17.90   | \$ .14     | \$ .18    | \$ 1.42   | \$16  |
| 1994                            | 226,639,144   | 9,687,575    | 17.60   | .23        | .22       | 1.39      | 16    |
| 1995                            | 292,547,559   | 9,488,350    | 21.74   | .31        | .33       | 1.60      | 20    |
| 1996                            | 356,685,785   | 9,102,050    | 25.64   | .27        | .28       | 1.37      | 18    |
| 1997                            | 434,423,053   | 9,040,850    | 29.97   | .24        | .34       | 2.08      | 30    |
| 1998                            | 476,463,575   | 8,986,125    | 31.43   | .29        | .29       | 1.65      | 22    |
| 1999                            | 590,655,679   | --           | 35.05   | .26        | .26       | 2.34      | 43    |
| 2000                            | 596,289,086   | --           | 32.94   | .32        | .32       | 4.03      | 65    |
| 2001                            | 539,839,060   | --           | 28.54   | .18        | .22       | 1.58*     | 13    |
| 2002                            | 361,942,568   | --           | 18.72   | .14        | .14       | 1.11      | 22    |
| 6 mos. to<br>June 30,<br>2003** | 421,972,928   | --           | 22.06   | .07        | .01       | .11       | 15    |

- 
- 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, 2003 the market quotations were as follows:

Common Stock..... \$18.85 low, \$18.99 high  
 and \$18.92 last sale

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To the Stockholders of

CENTRAL SECURITIES CORPORATION:

Financial statements for the six months ended June 30, 2003 reviewed by our independent accountants and other pertinent information are submitted herewith.

Comparative net assets are as follows:

|  | June 30,<br>2003<br>(Unaudited) | December 31,<br>2002 |
|--|---------------------------------|----------------------|
|  | -----                           | -----                |
| Net assets .....                           | \$421,972,928                   | \$ 361,942,568       |
| Net assets per share of Common Stock ..... | 22.06                           | 18.72                |
| Shares of Common Stock outstanding .....   | 19,124,984                      | 19,337,284           |

Comparative operating results are as follows:

Six months ended June 30,

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|  | 2003<br>(Unaudited) | 2002<br>(Unaudited) |
|--|---------------------|---------------------|
| Net investment income .....  | \$ 1,325,898        | \$ 1,724,727        |
| Per share of Common Stock .....  | .07*                | .09*                |
| Net realized gain on sale of investments .....                             | 15,999,401          | 24,051,213          |
| Increase (decrease) in net unrealized<br>appreciation of investments ..... | 48,583,044          | (110,396,802)       |
| Increase (decrease) in net assets<br>resulting from operations .....       | 65,908,343          | (84,620,862)        |

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

A dividend of \$.12 per share was paid on June 20, 2003 to holders of Common Stock. Stockholders will be sent a notice concerning the taxability of all 2003 distributions in January 2004.

During the first six months of 2003 the Corporation repurchased 212,300 shares of its Common Stock at an average price per share of \$16.84. These shares were purchased on the American Stock Exchange. The Corporation may from time to time purchase Common Stock in such amounts and at such prices as the Board of Directors may deem advisable in the best interests of stockholders.

Stockholders' inquiries are welcome.

CENTRAL SECURITIES CORPORATION

WILMOT H. KIDD, President

375 Park Avenue  
New York, NY 10152  
July 23, 2003

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TEN LARGEST INVESTMENTS

June 30, 2003  
(Unaudited)

|   | Cost       | Value  | % of<br>Net Assets | Year First<br>Acquired |
|---|------------|--------|--------------------|------------------------|
|   | -----      | -----  | -----              | -----                  |
|   | (millions) |        |                    |                        |
| The Plymouth Rock Company, Inc. ....    | \$ 2.2     | \$51.9 | 12.3%              | 1982                   |
| American Management Systems, Inc. ....  | 22.2       | 23.2   | 5.5                | 1984                   |
| Intel Corporation .....                 | .5         | 21.9   | 5.2                | 1986                   |
| Capital One Financial Corporation ..... | 2.2        | 21.6   | 5.1                | 1994                   |
| Analog Devices, Inc. ....               | .6         | 17.4   | 4.1                | 1987                   |
| Brady Corporation .....                 | 2.4        | 17.3   | 4.1                | 1984                   |
| The Bank of New York Company, Inc. .... | 4.1        | 16.1   | 3.8                | 1993                   |
| Murphy Oil Corporation .....            | 3.1        | 15.8   | 3.7                | 1974                   |
| SunGard Data Systems Inc. ....          | 6.7        | 15.3   | 3.6                | 1999                   |
| Unisys Corporation .....                | 12.6       | 14.1   | 3.3                | 1999                   |

PRINCIPAL PORTFOLIO CHANGES

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April 1 to June 30, 2003  
(Unaudited)  
(Common Stock unless specified otherwise)

|  | Number of Shares |         | Held<br>June 30,<br>2003 |
|--|------------------|---------|--------------------------|
|  | Purchased        | Sold    |                          |
| Affymetrix, Inc.....                                     | 100,000          |         | 100,000                  |
| Analog Devices, Inc.....                                 |                  | 50,000  | 500,000                  |
| Apple Computer Inc.....                                  | 100,000          |         | 100,000                  |
| Arch Capital Group Ltd.....                              |                  | 90,000  | 110,000                  |
| ArvinMeritor, Inc.....                                   | 60,000           |         | 640,000                  |
| The Bank of New York Company, Inc....                    |                  | 40,000  | 560,000                  |
| Capital One Financial Corp.....                          |                  | 60,000  | 440,000                  |
| CarMax, Inc.....   | 10,000           |         | 100,000*                 |
| Concord EFS, Inc.....                                    |                  | 100,000 | --                       |
| Dover Corporation.....                                   | 170,000          |         | 170,000                  |
| Duke Energy Corp.....                                    | 20,000           |         | 130,000                  |
| Flextronics International Ltd.....                       |                  | 50,000  | 1,300,000                |
| HSBC Holdings Plc Ltd.....                               |                  | 53,500  | --                       |
| Impath Inc.....  | 70,000           |         | 490,000                  |
| Ingram Micro Inc. Class A.....                           | 180,000          |         | 180,000                  |
| Intel Corporation.....                                   |                  | 60,000  | 1,050,000                |
| Laboratory Corporation of<br>America Holdings, Inc. .... | 110,000          |         | 110,000                  |
| Rohm and Haas Company.....                               |                  | 50,000  | 250,000                  |
| Roper Industries, Inc.....                               | 64,700           |         | 84,700*                  |
| Schering-Plough Corp.....                                | 100,000          |         | 400,000                  |

\* Includes shares considered "Other Investments" at March 31, 2003.

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## STATEMENT OF ASSETS AND LIABILITIES

June 30, 2003  
(Unaudited)

### ASSETS:

#### Investments:

|   |                |               |
|---|----------------|---------------|
| General portfolio securities at<br>market value (cost \$205,090,957)              |                |               |
| (Note 1) .....  | \$ 321,735,620 |               |
| Securities of affiliated companies<br>(cost \$3,462,486) (Notes 1, 5 and 6) ..... | 54,902,351     |               |
| Short-term investments (cost \$45,276,211) ...                                    | 45,276,211     | \$421,914,182 |

#### Cash, receivables and other assets:

|                                     |         |             |
|-------------------------------------|---------|-------------|
| Cash and dividends receivable ..... | 137,450 |             |
| Office equipment, net .....         | 24,104  |             |
| Other assets .....                  | 38,720  | 200,274     |
| Total Assets .....                  |         | 422,114,456 |

### LIABILITIES:

|                                     |         |
|-------------------------------------|---------|
| Accrued expenses and reserves ..... | 141,528 |
|-------------------------------------|---------|

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|  |                |               |
|--|----------------|---------------|
| Total Liabilities .....  |                | 141,528       |
|  |                | -----         |
| NET ASSETS .....   |                | \$421,972,928 |
|  |                | =====         |
| NET ASSETS are represented by:   |                |               |
| Common Stock \$1 par value: authorized<br>30,000,000 shares; issued 19,347,284<br>(Note 2) ..... |                | \$ 19,347,284 |
| Surplus:   |                |               |
| Paid-in .....  | \$ 221,065,405 |               |
| Undistributed net gain on sales of<br>investments .....  | 15,999,970     |               |
| Undistributed net investment income .....  | 1,221,276      | 238,286,651   |
|  | -----          |               |
| Net unrealized appreciation of investments ....  |                | 168,084,528   |
| Treasury stock, at cost (222,300 shares of<br>Common Stock) (Note 2) .....                       |                | (3,745,535)   |
|  |                | -----         |
| NET ASSETS .....   |                | \$421,972,928 |
|  |                | =====         |
| NET ASSET VALUE PER COMMON SHARE   |                |               |
| (19,124,984 shares outstanding) .....  |                | \$22.06       |
|  |                | =====         |

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

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STATEMENT OF OPERATIONS

For the six months ended June 30, 2003  
(Unaudited)

|  |              |              |
|--|--------------|--------------|
| INVESTMENT INCOME  |              |              |
| Income:  |              |              |
| Dividends (net of foreign withholding<br>taxes of \$3,395) ..... | \$ 2,035,635 |              |
| Interest .....   | 290,042      | \$ 2,325,677 |
|  |              | -----        |
| Expenses:  |              |              |
| Administration and operations .....                              | 270,237      |              |
| Investment research .....  | 240,458      |              |
| Rent and utilities .....   | 85,599       |              |
| Franchise and miscellaneous taxes .....                          | 72,239       |              |
| Listing, software and sundry fees .....                          | 55,817       |              |
| Insurance .....  | 53,464       |              |
| Directors' fees .....  | 51,000       |              |
| Legal, auditing and tax fees .....                               | 34,388       |              |
| Publications .....   | 25,593       |              |
| Stationery, supplies, printing<br>and postage .....              | 24,918       |              |
| Transfer agent and registrar fees<br>and expenses .....          | 17,805       |              |
| Travel and telephone .....                                       | 13,013       |              |
| Custodian fees .....   | 11,727       |              |
| Employees' retirement plans .....                                | 7,600        |              |
| Miscellaneous .....  | 35,921       | 999,779      |
|  | -----        | -----        |

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|   |            |              |
|---|------------|--------------|
| Net investment income .....                                     |            | 1,325,898    |
| NET REALIZED AND UNREALIZED GAIN<br>ON INVESTMENTS              |            |              |
| Net realized gain from security<br>transactions .....           | 15,999,401 |              |
| Net increase in unrealized appreciation<br>of investments ..... | 48,583,044 |              |
|   | -----      |              |
| Net gain on investments .....                                   |            | 64,582,445   |
|   |            | -----        |
| NET INCREASE IN NET ASSETS RESULTING<br>FROM OPERATIONS .....   |            |              |
|   |            | \$65,908,343 |
|   |            | =====        |

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

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STATEMENTS OF CHANGES IN NET ASSETS

For the six months ended June 30, 2003  
and the year ended December 31, 2002

|  | Six months<br>ended<br>June 30,<br>2003<br>(Unaudited) | Year ended<br>December 31,<br>2002 |
|--|--|------------------------------------|
|  | -----  | -----                              |
| FROM OPERATIONS:   |  |                                    |
| Net investment income .....  | \$ 1,325,898   | \$ 2,592,249                       |
| Net realized gain on investments .....                                     | 15,999,401   | 22,869,274                         |
| Net increase (decrease) in unrealized<br>appreciation of investments ..... | 48,583,044   | (185,386,156)                      |
|  | -----  | -----                              |
| Increase (decrease) in net assets<br>resulting from operations .....       | 65,908,343   | (159,924,633)                      |
|  | -----  | -----                              |
| DISTRIBUTIONS TO STOCKHOLDERS FROM:  |  |                                    |
| Net investment income .....  | (129,008)  | (2,571,208)                        |
| Net realized gain from investment<br>transactions .....                    | (2,173,790)  | (20,694,915)                       |
|  | -----  | -----                              |
| Decrease in net assets from distributions ..                               | (2,302,798)  | (23,266,123)                       |
|  | -----  | -----                              |
| FROM CAPITAL SHARE TRANSACTIONS: (Note 2)                                  |  |                                    |
| Distribution to stockholders reinvested<br>in Common Stock .....           | --   | 12,119,838                         |
| Cost of shares of Common Stock repurchased ..                              | (3,575,185)  | (6,825,574)                        |
|  | -----  | -----                              |
| Increase (decrease) in net assets from<br>capital share transactions ..... | (3,575,185)  | 5,294,264                          |
|  | -----  | -----                              |
| Total increase (decrease) in net assets ..                                 | 60,030,360   | (177,896,492)                      |
|  | -----  | -----                              |
| NET ASSETS:  |  |                                    |
| Beginning of period .....  | 361,942,568  | 539,839,060                        |
|  | -----  | -----                              |

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End of period (including undistributed net investment income of \$1,221,276 and \$24,386, respectively) ..... \$ 421,972,928      \$ 361,942,568  
=====      =====

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

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### STATEMENT OF INVESTMENTS

June 30, 2003  
(Unaudited)

#### PORTFOLIO SECURITIES (89.3%) STOCKS (COMMON UNLESS SPECIFIED OTHERWISE)

| Prin. Amt.<br>or Shares<br>----- |  | Value<br>----- |
|----------------------------------|--|----------------|
|                                  | Banking and Finance 9.7%                   |                |
| 560,000                          | The Bank of New York Company, Inc.....     | \$ 16,100,000  |
| 440,000                          | Capital One Financial Corporation.....     | 21,639,200     |
| 100,000                          | FleetBoston Financial Corporation.....     | 2,971,000      |
|                                  |  | -----          |
|                                  |  | 40,710,200     |
|                                  |  | -----          |
|                                  | Chemicals 3.3%                             |                |
| 1,372,400                        | PolyOne Corporation(a).....                | 6,107,180      |
| 250,000                          | Rohm and Haas Company.....                 | 7,757,500      |
|                                  |  | -----          |
|                                  |  | 13,864,680     |
|                                  |  | -----          |
|                                  | Communications 1.6%                        |                |
| 1,000,000                        | Cincinnati Bell Inc. (a) (d).....          | 6,700,000      |
|                                  |  | -----          |
|                                  | Computer Software & Services 18.9%         |                |
| 280,000                          | Accenture Ltd. (a).....                    | 5,065,200      |
| 1,620,000                        | American Management Systems, Inc. (a)..... | 23,182,200     |
| 880,000                          | Convergys Corporation(a).....              | 14,080,000     |
| 200,000                          | Peerless Systems Corporation(a).....       | 506,000        |
| 590,000                          | SunGard Data Systems Inc. (a).....         | 15,286,900     |
| 900,000                          | The TriZetto Group, Inc. (a).....          | 5,391,000      |
| 1,150,000                        | Unisys Corporation(a).....                 | 14,122,000     |
| 500,000                          | Wind River Systems, Inc. (a).....          | 1,905,000      |
|                                  |  | -----          |
|                                  |  | 79,538,300     |
|                                  |  | -----          |
|                                  | Electronics 14.9%                          |                |
| 500,000                          | Analog Devices, Inc. (a).....              | 17,410,000     |
| 100,000                          | Apple Computer Inc. (a).....               | 1,906,000      |
| 1,300,000                        | Flextronics International Ltd. (a).....    | 13,559,000     |
| 180,000                          | Ingram Micro Inc. Class A.....             | 1,980,000      |
| 1,050,000                        | Intel Corporation.....                     | 21,850,500     |
| 330,000                          | Motorola, Inc.....                         | 3,111,900      |
| 800,000                          | Solelectron Corporation(a).....            | 2,992,000      |
|                                  |  | -----          |
|                                  |  | 62,809,400     |
|                                  |  | -----          |

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| Energy 8.1% |                              |            |
|-------------|------------------------------|------------|
| 130,000     | Duke Energy Corporation..... | 2,593,500  |
| 160,000     | EnCana Corporation.....      | 6,139,200  |
| 220,000     | Kerr-McGee Corporation.....  | 9,856,000  |
| 300,000     | Murphy Oil Corporation.....  | 15,780,000 |
|             |                              | -----      |
|             |                              | 34,368,700 |
|             |                              | -----      |

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| Prin. Amt.<br>or Shares |   | Value        |
|-------------------------|---|--------------|
| -----                   |   | -----        |
|                         | Health Care 6.3%  |              |
| 100,000                 | Affymetrix, Inc. (a).....                                     | \$ 1,971,000 |
| 490,000                 | Impath Inc. (a).....  | 6,913,900    |
| 110,000                 | Laboratory Corporation of America Holdings(a)                 | 3,316,500    |
| 100,000                 | Merck & Co. Inc.....  | 6,055,000    |
| 400,000                 | Schering-Plough Corporation.....                              | 7,440,000    |
| 150,000                 | Vical Incorporated(a).....                                    | 678,000      |
|                         |   | -----        |
|                         |   | 26,374,400   |
|                         |   | -----        |
|                         | Insurance 16.0%   |              |
| 100,000                 | American International Group, Inc.....                        | 5,518,000    |
| 110,000                 | Arch Capital Group Ltd. (a).....                              | 3,814,800    |
| 50,000                  | Everest Re Group Ltd.....                                     | 3,825,000    |
| 50,000                  | Marsh & McLennan Companies, Inc.....                          | 2,553,500    |
| 70,000                  | The Plymouth Rock Company, Inc. Class A(b) (c)                | 51,940,000   |
|                         |   | -----        |
|                         |   | 67,651,300   |
|                         |   | -----        |
|                         | Manufacturing 9.1%  |              |
| 640,000                 | ArvinMeritor, Inc.....  | 12,915,200   |
| 520,000                 | Brady Corporation Class A.....                                | 17,342,000   |
| 170,000                 | Dover Corporation.....  | 5,093,200    |
| 84,700                  | Roper Industries, Inc.....                                    | 3,150,840    |
|                         |   | -----        |
|                         |   | 38,501,240   |
|                         |   | -----        |
|                         | Retail Trade 0.7%   |              |
| 100,000                 | CarMax, Inc. (a).....   | 3,015,000    |
|                         |   | -----        |
|                         | Transportation 0.7%   |              |
| 533,757                 | Transport Corporation of America, Inc.<br>Class B(a) (b)..... | 2,962,351    |
|                         |   | -----        |
|                         | Miscellaneous 0.0%  |              |
|                         | Grumman Hill Investments, L.P. (a) (c).....                   | 142,400      |
|                         |   | -----        |
|                         | Total Portfolio Securities<br>(cost \$208,553,443).....       | 376,637,971  |
|                         |   | -----        |

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Prin. Amt.



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| or Shares<br>----- |                                    | Value<br>----- |
|--------------------|------------------------------------|----------------|
|                    | SHORT-TERM INVESTMENTS 10.7%       |                |
|                    | Commercial Paper 4.4%              |                |
| \$ 7,509,000       | John Deere Credit Corp. 0.901%     |                |
|                    | due 7/30/03.....                   | \$ 7,503,556   |
| 11,058,000         | Prudential Funding Corp. 1.081%    |                |
|                    | due 7/2/03.....                    | 11,057,668     |
|                    |                                    | -----          |
|                    |                                    | 18,561,224     |
|                    |                                    | -----          |
|                    | U.S. Treasury Bills 6.3%           |                |
| 26,724,000         | U.S. Treasury Bills 0.710%- 0.913% |                |
|                    | due 7/10/03-7/24/03.....           | 26,714,987     |
|                    |                                    | -----          |
|                    | Total Short-Term Investments       |                |
|                    | (cost \$45,276,211).....           | 45,276,211     |
|                    |                                    | -----          |
|                    | Total Investments                  |                |
|                    | (cost \$253,829,654) (100.0%)..... | 421,914,182    |
|                    | Cash, receivables and other assets |                |
|                    | less liabilities (0.0%).....       | 58,746         |
|                    |                                    | -----          |
|                    | Net Assets (100%).....             | \$421,972,928  |
|                    |                                    | =====          |

- 
- (a) Non-dividend paying.
  - (b) Affiliate as defined in the Investment Company Act of 1940.
  - (c) Valued at estimated fair value.
  - (d) Formerly known as Broadwing Inc.

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

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NOTES TO FINANCIAL STATEMENTS -- (unaudited)

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

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

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

Use of Estimates -- The preparation of the financial statements in accordance with accounting principles generally accepted in the United

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States of America requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ from those estimates.

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

2. Common Stock -- The Corporation repurchased 212,300 shares of its Common Stock in the first six months of 2003 at an average price of \$16.84 per share, representing an average discount from net asset value of 14.1%. 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 may be retired.

3. Investment Transactions -- The aggregate cost of securities purchased and the aggregate proceeds of securities sold during the six months ended June 30, 2003 (excluding short-term investments), were \$32,932,279 and \$33,493,271, respectively.

As of June 30, 2003, based on cost for Federal income tax purposes, the aggregate gross unrealized appreciation and depreciation for all securities were \$191,247,467 and \$23,162,939, respectively.

4. Operating Expenses -- The aggregate remuneration paid during the six months ended June 30, 2003 to officers and directors amounted to \$529,500, of which \$51,000 was paid as fees to directors who were not officers. Benefits to employees are provided through a profit sharing retirement plan. Contributions to the plan are made at the discretion of the Board of Directors, and each participant's benefits vest after three years. No contributions were made to the plan for the six months ended June 30, 2003.

[ 11 ]

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

5. Affiliates-- The Plymouth Rock Company, Inc. and Transport Corporation of America, Inc. are affiliates as defined in the Investment Company Act of 1940. The Corporation received dividends of \$461,300 from affiliates during the six months ended June 30, 2003. Unrealized appreciation related to affiliates increased by \$10,286,942 for the six months ended June 30, 2003 to \$51,439,865.

6. Restricted Securities -- The Corporation from time to time invests in securities the resale of which is restricted. On June 30, 2003 such investments had an aggregate value of \$52,082,400, which was equal to 12.3% of the Corporation's net assets. Investments in restricted securities at June 30, 2003, including acquisition dates and cost, were:

| Company                        | Shares | Security                     | Date Purchased | Cost   |
|--------------------------------|--------|------------------------------|----------------|--------|
| Grumman Hill Investments, L.P. |        | Limited Partnership Interest | 9/11/85        | \$ 18, |
| The Plymouth Rock              | 70,000 | Class A Common               | 12/15/82       | 1,500, |

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Company, Inc.

Stock

6/9/84

699,

The Corporation does not have the right to demand registration of the restricted securities. Unrealized appreciation related to restricted securities increased by \$9,907,885 for the six months ended June 30, 2003 to \$49,864,252.

[ 12 ]

FINANCIAL HIGHLIGHTS

|  | Six Mos.<br>Ended<br>June 30, 2003<br>(Unaudited) | 2002       | 2001       |    |
|--|---|------------|------------|----|
| Per Share Operating Performance  |   |            |            |    |
| Net asset value, beginning of period .....                                     | \$ 18.72  | \$ 28.54   | \$ 32.94   | \$ |
| Net investment income* .....   | .07   | .14        | .18        |    |
| Net realized and unrealized gain (loss)<br>on securities .....                 | 3.39  | (8.71)     | (2.78)     |    |
| Total from investment<br>operations .....                                      | 3.46  | (8.57)     | (2.60)     |    |
| Less:  |   |            |            |    |
| Dividends from net investment income**   |   |            |            |    |
| To Preference Stockholders .....   | --  | --         | --         |    |
| To Common Stockholders .....   | .01   | .14        | .22        |    |
| Distributions from capital gains**   |   |            |            |    |
| To Common Stockholders .....   | .11   | 1.11       | 1.03       |    |
| Return of Capital**  |   |            |            |    |
| To Common Stockholders .....   | --  | --         | .55        |    |
| Total distributions .....  | .12   | 1.25       | 1.80       |    |
| Net asset value, end of period .....   | \$ 22.06  | \$ 18.72   | \$ 28.54   | \$ |
| Per share market value,  |   |            |            |    |
| end of period .....  | \$ 18.92  | \$ 16.28   | \$ 25.31   | \$ |
| Total investment return,<br>market(%) .....                                    | 15.66+  | (31.23)    | (2.42)     |    |
| Total investment return, NAV(%) .....  | 18.48+  | (29.43)    | (6.54)     |    |
| Ratios/Supplemental Data:  |   |            |            |    |
| Net assets, end of period(000) .....   | \$ 421,973  | \$ 361,943 | \$ 539,839 | \$ |
| Ratio of expenses to average net<br>assets for Common(%) .....                 | .53++   | .50        | .45        |    |
| Ratio of net investment income to<br>average net assets for<br>Common(%) ..... | .58++   | .57        | .60        |    |
| Portfolio turnover rate(%) .....   | 10.11+  | 19.50      | 10.32      |    |

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

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

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- + Not annualized.
- ++ Annualized, not necessarily indicative of full year ratio.

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

[ 13 ]

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF  
CENTRAL SECURITIES CORPORATION

We have reviewed the accompanying statement of assets and liabilities, including the statement of investments, of Central Securities Corporation as of June 30, 2003, and the related statements of operations, changes in net assets and financial highlights for the six-month period ended June 30, 2003. 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 American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, 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 accompanying financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of changes in net assets for the year ended December 31, 2002, and financial highlights for each of the five years in the period ended December 31, 2002, and in our report dated January 29, 2003 we expressed an unqualified opinion on those statements.

KPMG LLP

New York, NY  
July 23, 2003

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ANNUAL MEETING OF STOCKHOLDERS -- (unaudited)

The annual meeting of stockholders of the Corporation was held on March 12, 2003. At the meeting all of the directors of the Corporation were reelected by the following vote of the holders of the Common Stock: Donald G. Calder, 18,115,246 shares in favor, 138,200 shares withheld; Jay R. Inglis, 18,103,684 shares in favor, 149,762 shares withheld; Dudley D. Johnson, 18,115,589 shares in favor, 137,857 shares withheld; Wilmot H. Kidd, 17,871,283 shares in favor, 382,163 shares withheld; and C. Carter Walker, Jr., 18,114,354 shares in favor, 139,092 shares withheld.

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In addition, the selection of KPMG LLP as independent auditors of the Corporation for the year 2003 was ratified by the following vote of the holders of the Common Stock: 18,159,452 shares in favor, 45,646 shares against, 48,241 shares abstaining.

[ 14 ]

### BOARD OF DIRECTORS

DONALD G. CALDER

President

G. L. Ohrstrom & Co., Inc.

New York, NY

DUDLEY D. JOHNSON

President

Young & Franklin Inc.

Liverpool, NY

JAY R. INGLIS

Executive Vice President

National Marine Underwriters, Inc.

New York, NY

WILMOT H. KIDD

President

C. CARTER WALKER, JR.

Washington, CT

### OFFICERS

WILMOT H. KIDD, President

CHARLES N. EDGERTON, Vice President and Treasurer

MARLENE A. KRUMHOLZ, Secretary

### OFFICE

375 Park Avenue, New York, NY 10152

212-688-3011

866-593-2507 (toll free)

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

### CUSTODIAN

UMB Bank, N. A.

P.O. Box 419226, Kansas City, MO 64141-6226

### TRANSFER AGENT AND REGISTRAR

EquiServe Trust Company

P.O. Box 43069, Providence, RI 02940-3069

781-575-2724 [www.equiserve.com](http://www.equiserve.com)

### INDEPENDENT AUDITORS

KPMG LLP

757 Third Avenue, New York, NY 10017

[ 15 ]

Item 2. Code of Ethics. N/A. Item is only applicable for annual reports for periods ending on or after July 15, 2003.

Item 3. Audit Committee Financial Experts. N/A. Item is only applicable for annual reports for periods ending on or after July 15, 2003.

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Item 4. Principal Accountant Fees and Services. N/A. Item is only applicable for annual reports for periods ending on or after December 15, 2003.

Item 5. Audit Committee of Listed Registrants. N/A. Item is only applicable for annual reports for periods ending on or after January 15, 2004.

Item 6. [Reserved]

Item 7. Disclose Proxy Voting Policies and Procedures for Closed-End Management Companies. N/A. Item is only applicable for annual reports for periods ending on or after July 15, 2003.

Item 8. [Reserved]

Item 9. 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 significant changes in the Corporation's internal controls or in other factors that could significantly affect these controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Item 10. 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. Not applicable.

(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.

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

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Wilmot H. Kidd  
President

August 4, 2003

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Date

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

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By: /s/ Charles N. Edgerton

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Charles N. Edgerton  
Treasurer

August 4, 2003

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Date