

CENTRAL SECURITIES CORP  
Form N-CSRS  
August 11, 2017  
**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

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Registrant's telephone number, including area code: 212-698-2020

Date of fiscal year end: December 31, 2017

Date of reporting period: June 30, 2017

**Item 1. Reports to Stockholders.**

CENTRAL SECURITIES CORPORATION

SEMI-ANNUAL REPORT

JUNE 30, 2017

## CENTRAL SECURITIES CORPORATION

(Organized on October 1, 1929 as an investment company, registered as such with the Securities and Exchange Commission under the provisions of the Investment Company Act of 1940.)

## 25-YEAR HISTORICAL DATA

Year	Total net assets	Per Share of Common Stock			Total dividends and distributions	Unrealized appreciation of investments at end of period
		Net asset value	Source of dividends and distributions	Ordinary income*		
1991	\$ 131,639,511	\$ 11.87				\$ 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
2014	649,760,644	26.18	.16	1.59	1.75	293,810,819
2015	582,870,527	23.53	.12	1.86	1.98	229,473,007
2016	674,683,352	27.12	.30	.68	.98	318,524,775
Six mos. to June 30, 2017***	741,555,535	29.89	.03	.17	.20	376,343,103
Total dividends and distributions for the period***:			\$ 7.20	\$ 38.71	\$ 45.91	

\* 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 return of capital of \$.55.

\*\*\* Unaudited.

The Common Stock is listed on the NYSE American exchange under the symbol CET. On June 30, 2017, the closing market price was \$24.93 per share.

[ 2 ]

*To the Stockholders of*

Central Securities Corporation:

Financial statements for the six months ended June 30, 2017 reviewed by our independent registered public accounting firm and other pertinent information are submitted herewith.

Comparative net assets are as follows:

	June 30, 2017 (Unaudited)	December 31, 2016
Net assets	\$741,555,535	\$674,683,352
Net assets per share of Common Stock	\$29.89	\$27.12
Shares of Common Stock outstanding	24,810,631	24,881,665

Comparative operating results are as follows:

	Six months ended June 30, 2017 (Unaudited)	2016 (Unaudited)
Net investment income	\$3,696,314	\$2,402,060
Per share of Common Stock	.15 *	.10 *
Net realized gain from investment transactions	11,964,994	7,029,473
Increase in net unrealized appreciation of investments	57,818,328	13,567,081
Increase in net assets resulting from operations	73,479,636	22,998,614

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

A distribution of \$.20 per share of Common Stock was paid on June 27, 2017 to stockholders of record as of June 13, 2017. Stockholders will be sent a notice concerning the taxability of all 2017 distributions in early 2018.

During the first six months of 2017, the Corporation purchased 74,034 shares of its Common Stock at an average price of \$23.18 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 in the open market or in private transactions directly with stockholders.

As we recently announced, the Board of Directors has elected my son, Wilmot H. Kidd IV, as a new director of the Corporation. His election is part of the Board of Directors' long-term succession planning and it is not anticipated that he will be a manager of the Corporation in the future.

Stockholders' inquiries are welcome.

Central Securities Corporation

Wilmot H. Kidd, *President*

630 Fifth Avenue  
New York, NY 10111  
July 26, 2017

[ 3 ]

## PRINCIPAL PORTFOLIO CHANGES

April 1 to June 30, 2017

(Unaudited)

(Common Stock unless specified otherwise)

	Number of Shares		Held June 30, 2017
	Purchased	Sold	
AIA Group Ltd. ADR		12,000	—
Coherent, Inc.		10,000	360,000
Hess Corporation	230,000		230,000
John Wiley & Sons Inc. Class A		200,000	—
Kennedy-Wilson Holdings, Inc.	7,700		110,000
Kinsale Capital Group, Inc.	100,000		100,000
Sonus Networks, Inc.	190,000		940,000

## TEN LARGEST INVESTMENTS

June 30, 2017

(Unaudited)

	Cost	Value	Percent of Net Assets	Year First Acquired
	(millions)			
The Plymouth Rock Company, Inc.	\$0.7	\$132.2	17.8 %	1982
Coherent, Inc.	8.9	81.0	10.9	2007
Analog Devices, Inc.	6.2	35.0	4.7	1987
Intel Corporation	8.4	29.7	4.0	1986
Motorola Solutions, Inc.	14.1	26.0	3.5	2000
Capital One Financial Corporation	16.9	24.0	3.2	2013
Medtronic plc	18.4	22.2	3.0	2009
The Bank of New York Mellon Corporation	8.4	20.4	2.8	1993
Rayonier Inc.	21.1	20.1	2.7	2014
Citigroup Inc.	14.6	20.1	2.7	2013

[ 4 ]



## DIVERSIFICATION OF INVESTMENTS

June 30, 2017  
(Unaudited)

	Issues	Cost	Value	Percent of Net Assets	
				June 30, 2017	December 31, 2016 (a)
Common Stocks:					
Insurance	4	\$18,111,034	\$155,447,800	21.0%	21.3 %
Technology Hardware and Equipment	4	38,529,951	126,080,300	17.0	14.2
Diversified Financial	6	53,106,931	76,602,400	10.3	10.6
Semiconductor	2	14,576,768	64,701,200	8.7	9.6
Banks	3	34,542,346	50,534,200	6.8	7.7
Health Care	3	34,435,012	46,250,150	6.2	5.6
Diversified Industrial	3	10,133,824	38,228,670	5.2	5.7
Media	3	19,784,869	23,626,000	3.2	4.8
Energy	3	23,162,241	23,468,750	3.2	2.4
Real Estate	2	23,429,006	22,234,500	3.0	2.8
Retailing	2	10,493,020	21,971,000	3.0	2.6
Other	6	34,874,765	42,377,900	5.7	5.6
Short-Term Investments	2	44,981,369	44,981,369	6.1	6.7

(a) Certain amounts from December 2016 have been adjusted to conform to June 2017 presentation.

[ 5 ]

## STATEMENT OF INVESTMENTS

June 30, 2017

(Unaudited)

**COMMON STOCKS 93.2%**

Shares		Value
	Banks 6.8%	
300,000	Citigroup Inc.	\$20,064,000
200,000	JPMorgan Chase & Co.	18,280,000
220,000	Wells Fargo & Company	12,190,200
		50,534,200
	Commercial & Professional Services 1.5%	
700,000	Heritage-Crystal Clean, Inc. (a)	11,130,000
	Consumer Durables 1.2%	
700,000	TRI Pointe Group, Inc. (a)	9,233,000
	Consumer Services 0.5%	
30,000	Wynn Resorts Ltd.	4,023,600
	Diversified Financial 10.3%	
150,000	American Express Company	12,636,000
400,000	The Bank of New York Mellon Corporation	20,408,000
10	Berkshire Hathaway Inc. Class A (a)	2,547,000
290,000	Capital One Financial Corporation	23,959,800
210,000	The Charles Schwab Corporation	9,021,600
200,000	Encore Capital Group, Inc. (a)	8,030,000
		76,602,400
	Diversified Industrial 5.2%	
405,000	Brady Corporation Class A	13,729,500
307,000	General Electric Company	8,292,070
70,000	Roper Technologies, Inc.	16,207,100
		38,228,670
	Energy 3.2%	
230,000	Hess Corporation	10,090,100
230,000	Murphy Oil Corporation	5,894,900
125,000	Occidental Petroleum Corporation	7,483,750
		23,468,750
	Health Care 6.2%	
85,000	Johnson & Johnson	11,244,650
250,000	Medtronic plc	22,187,500
200,000	Merck & Co., Inc.	12,818,000
		46,250,150

Edgar Filing: CENTRAL SECURITIES CORP - Form N-CSRS

Shares		Value
	Insurance 21.0%	
21,000	Alleghany Corporation (a)	\$ 12,490,800
100,000	Kinsale Capital Group, Inc.	3,731,000
28,424	The Plymouth Rock Company, Inc. Class A (b)(c)	132,171,600
160,000	Progressive Corporation	7,054,400
		155,447,800
	Media 3.2%	
18,000	Cable One, Inc.	12,796,200
210,000	Liberty Global plc Class C (a)	6,547,800
200,000	Liberty Global plc LiLAC Class C (a)	4,282,000
		23,626,000
	Metals and Mining 0.2%	
150,000	Freeport-McMoRan Inc. (a)	1,801,500
	Real Estate 3.0%	
110,000	Kennedy-Wilson Holdings, Inc.	2,095,500
700,000	Rayonier Inc.	20,139,000
		22,234,500
	Retailing 3.0%	
13,000	Amazon.com, Inc. (a)	12,584,000
100,000	Tiffany & Co.	9,387,000
		21,971,000
	Semiconductor 8.7%	
450,000	Analog Devices, Inc.	35,010,000
880,000	Intel Corporation	29,691,200
		64,701,200
	Software and Services 2.2%	
10,000	Alphabet Inc. Class A (a)	9,296,800
100,000	Microsoft Corporation	6,893,000
		16,189,800
	Technology Hardware and Equipment 17.0%	
360,000	Coherent, Inc. (a)	80,996,400
310,000	Keysight Technologies, Inc. (a)	12,068,300
300,000	Motorola Solutions, Inc.	26,022,000
940,000	Sonus Networks, Inc. (a)	6,993,600
		126,080,300
	Total Common Stocks (cost \$315,179,767)	691,522,870

[ 7 ]

**SHORT-TERM INVESTMENTS 6.1%**

Principal		Value
	U.S. Treasury Bills 6.1%	
\$45,000,000	U.S. Treasury Bills 0.86% - 0.89%, due 7/13/17 – 7/27/17 (d) (cost \$44,981,369)	\$44,981,369
	Total Investments (cost \$360,161,136) (e) (99.3%)	736,504,239
	Cash, receivables and other assets less liabilities (0.7%)	5,051,296
	Net Assets (100%)	\$741,555,535

(a) Non-dividend paying.

(b) Affiliate as defined in the Investment Company Act of 1940 – see Note 5.

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

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

(e) Aggregate cost for Federal tax purposes is substantially the same.

See accompanying notes to financial statements.

[ 8 ]

STATEMENT OF ASSETS AND LIABILITIES

June 30, 2017  
(Unaudited)

Assets:

Investments:

General portfolio securities at market value (cost \$314,469,167)	\$559,351,270
Securities of affiliated companies (cost \$710,600) (Notes 5 and 6)	132,171,600
Short-term investments (cost \$44,981,369)	44,981,369 &n