Senvest Capital Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

March 31, 2015

SENVEST

Notice of No Auditor Review of Interim Consolidated Financial Statements
In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors PriceWaterHouseCoopers LLP have not reviewed the unaudited interim consolidated financial statements as at and for the period ended March 31, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

U.S. equity markets started the year choppy and finished down for January. Investors may have been skittish in response to continued positive economic data that could have sparked the highly anticipated “liftoff” of interest rates by the US Federal Reserve. Economic and monetary policy developments in the U.S. were dull in comparison to the fireworks in Europe. The Swiss National Bank shocked financial markets by removing the peg of the Swiss Franc to the Euro, causing “one of the biggest currency moves since the collapse of the Bretton Woods system in 1971” (Bloomberg Business, January 17, 2015). It was also the biggest one-day move in a major currency in history. Swiss authorities made this about-face decision days before an expected announcement by European central bank chief, Mario Draghi, of the launch of European quantitative easing (“QE”). Shortly thereafter, Draghi in fact surprised investors and pundits with a larger than anticipated QE program in which European central banks would purchase government bonds and other asset backed securities. Most notable was the open ended nature of the program. To cap off the month, Greece sovereign debt problems and the potential of a “Grexit” out of the Euro currency once again captured headlines on the heels of elections in which the anti-Troika/austerity Syriza party won more seats than expected.

Global equity markets lifted in February, likely following through on the bolder than anticipated ECB quantitative easing program and solid U.S. economic data. Also, fears of “Grexit” were allayed by an agreement between Greece and European officials to push out negotiations regarding Greek reforms in exchange for continued financial aid. The U.S. Labor Department reported a 257,000 increase in employment for January and with about 1 million workers added since November, the biggest three-month advance in 17 years. Moreover, wage gains were the strongest since 2008 (Bloomberg Business, February 6, 2015). In March Fed Chair Janet Yellen officially removed the word “patient” from the Fed’s statement regarding their outlook on the potential liftoff in overnight rates. While this was highly anticipated, she also equivocated and indicated that the Fed wouldn’t be “impatient” either

The commencement in the first quarter of quantitative easing in Europe through the purchase of sovereign bonds and other asset backed securities has created unprecedented conditions in bond markets. As a result of this policy, much of the European bond market offers investors the grim prospect of a guaranteed loss on investment. According to Goldman Sachs research in March 2015, more than half of all European sovereign bonds with maturities of less than five years offer negative interest rates. Furthermore, this is not a Europe-only phenomenon, as two-year sovereign bond yields were negative for about half of the world’s developed economies. If a long position in a negative yielding bond guarantees a loss for the owner, does that mean it’s a guaranteed gain for the seller? And what happens to these negative interest rates if the ECB achieves its targeted inflation rate of 2%? These two thoughts may set up potentially interesting investment opportunities.

Senvest Capital Inc. (“Senvest” or the “Company”) recorded net income attributable to the common shareholders of $68.0 million or $24.21 per diluted common share for the period ended March 31, 2015. This compares to net income attributable to common shareholders of $69.6 million or $24.83 per diluted common share for the 2014 period. The decline in the Canadian dollar versus the US dollar in the period resulted in a currency translation gain of almost $69 million to the income attributable to common shareholders. This amount is not reported in the Company's income statement rather it is reflected in the Comprehensive income. However after the end of the first quarter, the Canadian dollar appreciated significantly against the US dollar reversing a good portion of the translation gain. The Company remains committed to being profitable over the long-term. However the volatility and choppiness of the markets will result in wide profit swings from year to year and from quarter to quarter.

The Company's income from equity investments in 2015 was the biggest contributor to the net earnings recorded. The net income on equity investments and other holdings totalled $133.8 million in the current period versus an income amount of $145.7 million the prior year quarter. Our three largest holdings as at March 31 2015 were Depomed, Radware and Fiat Chrysler. Depomed, the specialty pharmaceuticals company, was our best performing stock for the 2015 first quarter with a price appreciation of roughly 40%. Depomed finally put to work the large slug of capital it raised last September and in the first quarter 2015 announced a transformative and immediately accretive $1 billion dollar acquisition of the rights to NUCYNTA, a highly complementary pain/neurology medicine franchise. This deal is anticipated to close in the second quarter of 2015. We have high conviction in the Depomed management team, which has delivered on its strategy of leveraging the sales force and infrastructure by acquiring related drug businesses. Depomed believes that this latest transaction will create meaningful shareholder value over time.

A relatively recent addition to our portfolio, Fiat Chrysler ("FCAU") the global automotive company, had a strong first quarter with its stock rising over 40%. FCAU was our second best performing stock for the quarter. FCAU announced 2014 fourth quarter results that were generally well received and also reported that European operations turned profitable for the first time since 2007. Management reiterated that plans for the IPO of Ferrari remain on track and it could be valued at about 7 billion euros. We believe that FCAU management has multiple initiatives underway to unlock shareholder value and drive earnings. These include the previously mentioned IPO of the iconic Ferrari brand; the re-introduction of a completely overhauled Alfa Romeo line, another venerable brand; growth in the Italian market which seems to have bottomed after years of decline; and expansion of the Jeep line in the U.S. and China. In addition we note that FCAU remains relatively underfollowed by U.S. research analysts despite its listing on the NYSE last year. Bloomberg shows coverage by about 8 domestic firms of 31 firms in total; of those 8 "domestic" firms, only a single one of those has a US-based analyst. (In our experience, analysts based outside the U.S. are tougher for U.S. based investors to connect with due to time zone and language barriers.) This compares to about 25 firms that cover Ford and GM, of which virtually all represent US domestic coverage. We would anticipate that domestic research coverage, and potential U.S. investor exposure, should only get better over time.

Tower Semiconductor (TSEM) an Israeli semiconductor company and a top five holding for Senvest was up more than 25% this past quarter helped by strong fourth quarter results. TSEM was our third best performing stock for the quarter. Flavor technology company Senomyx ("SNMX") dropped -27% in the quarter and was our largest individual loser. SNMX announced a restructuring and reduction in staff that investors seem to have taken negatively. Israeli networking equipment and software company Radware ("RDWR") fell about -5% in the quarter. It reported solid earnings which beat expectations but gave guidance lower than sell side analyst estimates. Its management seems to be choosing to increase expenses in order to develop products jointly with a major customer. We will see if investors were being short sighted by not taking into consideration the future benefit of these near term investments. A short position in an online currency broker finally paid off as the company was a major casualty of the de-pegging of the Swiss franc. The stock plummeted after the company announced significant losses due to customer accounts being wiped out and the company remained on the hook for the opposite side of the position. The premise of the short position didn't depend on a prediction of the Swiss franc de-peg, but was based on our assessment of the company's business model, history of compliance issues, confusing financial statements, assessment of management, and its valuation.

As we said last quarter we began the 2014 year with a much higher net long bias than we ended the year with. This continued in the first quarter of 2015. We continued putting on short positions and found more short opportunities. We have also said that we short stocks opportunistically rather than being forced to find shorts in order to achieve a targeted net long exposure. The Company continued its use of currencies in 2015 to both protect and enhance the portfolio's returns. Due to the continued appreciation of the US dollar over other major currencies, our foreign exchange gain for first quarter was approximately $17.9 million. However, as noted earlier, after the end of the first quarter there was a significant depreciation in the value of the US dollar which resulted in a reduction of the foreign exchange gains earned in the March quarter.

The Senvest Partners fund is focused primarily on small and mid-cap companies. The fund recorded a gain 7.6% net of fees for the first quarter of 2015. It is up almost 3000% since inception in 1997. With most of the long portfolio invested in small and mid- cap stocks, the fund significantly outperformed its most relevant benchmark the Russell 2000, which gained about 4% for the quarter. The fund also outperformed the S&P 500 index although it does not consider that index as a benchmark. The Senvest Israel Partners fund was initiated in 2003 to focus on investing in Israel related companies. This fund recorded a gain of about 7.9% in the first quarter. The two funds had a total of over $1 billion of net assets under management at March 31, 2015. Both of these funds are consolidated into the accounts of the Company.

As mentioned in prior letters our largest investment last year was the single-stock fund we launched – the Senvest Cyprus Recovery Investment Partners, LP fund ("SCRIF"). This vehicle owns an investment in the Bank of Cyprus ("BOC") which completed a €1 billion recapitalization in 2014. In December BOC's stock was listed on the Cypriot and Athens stock exchanges and is trading below the invested price. It is anticipated that SCRIF will have about a three year life so the investment will be evaluated over that time period and not on a quarter to quarter basis. SCRIF had over $80 million of net assets under management at March 31, 2015. As with the other funds above, SCRIF is consolidated into the accounts of the Company.

The Company owns a 48.9% interest in Cross Point Realty Trust, a US real estate income trust (commonly referred to as a REIT). A REIT is an entity that owns and operates income-producing real estate and annually distributes to its holders at least 90% of its taxable income. Although some REITs are publicly traded, this one is a non-publicly traded REIT. The main asset of the REIT was an interest in a joint venture that held a commercial office property. This property was sold by the REIT last year and most of the cash from the sale has been distributed to the REIT holders. The wind up of this REIT is expected to occur in 2015.

The Company has a portfolio of real estate investments, investing as a minority partner in selected properties. Real estate investments totalled $44.1 million as at March 31, 2015. More than half of this amount represents investments in different US REITs. These REITs are not publicly traded and there is no established market for them. The most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties of the REITs and the distribution to its holders. The remaining amounts are minority interests in private entities whose main assets are real estate properties. As described above for the REITs, the most likely scenario for a disposal of these holdings is an eventual sale of the underlying real estate properties.

From time to time the Company enters into derivative financial instruments consisting primarily of options and warrants to purchase or sell equities, equity indices and currencies. All contracts are denominated in US dollars. There is deemed to be no credit risk for the options that are traded on exchanges. The warrant contracts are not exchange traded and allow the company to purchase underlying equities at a fixed price. The maximum exposure to credit risk associated with these warrants or with non-exchange traded options is their recorded amount.

The Company has made significant investments in its New York operations, primarily in people, systems, technology and new office space. This investment represents a significant effort in a short amount of time to raise the quality of its infrastructure and personnel. As a result the Company's operating costs have been increasing in the past year from historical levels and this is expected to continue for the rest of 2015. The change in the market price of Senvest shares and the exercise of options results in a share based compensation expense that is included as part of employee benefits. This expense will fluctuate each period according to the change in the price of the Company's shares. The Company has not issued any new stock options since 2005 and all options issued in the past expire at the end of 2015.

The Company consolidates the Senvest Management LLC (formerly called Rima Senvest Management LLC), entity that serves as the investment manager of the Senvest funds. The portion of the expected residual returns of the entity that does not belong to the Company is reflected as non-controlling interest on the statement of financial position. This non-controlling interest is owned by an executive of the Company and totalled $104 million as at March 31, 2015 from $83.7 million as at December 31, 2014.

At the end of March 31, 2015, Senvest had total consolidated assets of $2,552.2 million versus $2,020.1 million at the end of 2014. The main reason for this change is the increase in equity investments and other holdings. This increase was due to purchasing additional securities as well as fair value gains in the portfolio. Equity investments and other holdings increased to $2,200.2 million from $1,770.5 million last December. The Company purchased $309.8 million of investment holdings in the quarter and sold $154.2 million of such holdings. The net purchased amount was in excess of the prior year's quarter. The Company's liabilities have correspondingly increased to $1,573.4 million versus $1,198.4 million at the end of 2014 primarily because of the increases in the equities sold short and liability for redeemable units. The proceeds of equities sold short were $538.6 million and the amount of shorts covered was $348 million in the year. Both these figures were more than double the amounts for the prior period.

Functional currency

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the parent company is the US dollar.

Presentation currency

The company has adopted the Canadian dollar as its presentation currency, which in the opinion of management is the most appropriate presentation currency. Historically, the company's consolidated financial statements have been presented in Canadian dollars, and since the company's shares are listed on a Canadian stock exchange, management believes it would better serve the use of shareholders to continue issuing consolidated financial statements in Canadian dollars. The US dollar consolidated financial statements are translated into the presentation currency as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income (loss) as currency translation differences. Equity items are translated using the historical rate.

Risks

The Company is exposed to various financial risks arising from its financial investments. These include market risks relating to equity prices, interest rates and currency risk and liquidity risk. Additional information on these risks is included in notes of the year end consolidated financial statements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is composed of interest rate risk, currency risk and equity price risk.

Interest rate risk

Interest rate risk refers to the risk that interest expense on floating rate debt will vary as a result of changes in underlying interest rates. The Company's entire debt is primarily based on floating rates. The Company does not have a long- term stream of cash flow that it can match against fixed debt so it prefers to use primarily short-term floating rate debt. The Company does not mitigate its exposure to interest rate fluctuation on floating debt. If the interest rates do spike up, then the Company could enter into interest rate swaps or more probably just reduce its debt level. The Company has public equity holdings that it can liquidate to reduce its floating rate debt to zero.

Currency risks

Currency risk refers to the risk that values of financial assets and liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The Company's functional currency is the US dollar. The following are the main financial assets and financial liabilities that have items denominated in currencies other than the US dollar: cash and cash equivalents, due from/to brokers, bank advances, equity and other holdings, real estate investments, other assets, equities sold short and accounts payable.

Equity price risk

Equity price risk refers to the risk that the fair value of equity investments and equities sold short will vary as a result of changes in the market prices of the holdings. The vast majority of the equity investments and all of the equities sold short are based on quoted market prices as of the statement of financial position date. Market prices are subject to fluctuation and represent the unrealized gain or loss on the statement of financial position date. This unrealized amount may not be the amount that is ultimately realized. Changes in the market price of quoted securities may be related to a change in the financial outlook of the investee entities or due to the market in general.

Equities sold short represent obligations of the Company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. As a result this creates the risk that the Company's ultimate obligation to satisfy the delivery requirements may exceed the amount of the proceeds initially received or the liability recorded in the financial statements.

The Company's equity investments have a downside risk limited to their recorded value while the risk of the equities sold short is open-ended. The Company is subject to commercial margin requirements which act as a barrier to the open-ended risks of the equities sold short. The Company closely monitors both its equity investments and its equities sold short. The analysis below assumes that equity investments with quoted values and equities sold short would increase or decrease at the same rate. As the two portfolios are not hedged together, a change in market prices could affect each differently.

The impact of a 30% change in the market prices of the Company's equity holdings with quoted value and equities sold short as at March 31, 2015 would be as follows (in thousands):

	Fair value	Estimated fair value 30% price increase	Estimated fair value 30% price decrease
Equity holdings-listed securities	2,056,025	2,672,833	1,439,218
Equities sold short	(736,207)	(957,070)	(515,345)
Before-tax impact on net income		395,945	(395,945)

Liquidity risk

Liquidity risk is the risk the company will encounter in meeting its financial obligations. The company's largest assets are equity and other holdings. Most of this asset is made up of equities in public holdings which can be liquidated in a relatively short period of time. Due to the Company's large holding of liquid assets, it believes that it has sufficient resources to meet its obligations as they come due.

Credit risk

Credit risk refers to the risk that counterparty will fail to fulfill its obligations under a contract and will cause the company to suffer a loss. The majority of the holdings represent residual interests so they carry no credit risk.

From time to time the Company enters into derivative financial instruments consisting primarily of options and warrants to purchase or sell equities, equity indices and currencies. These derivative instruments were marked to market. There is deemed to be no credit risk for the options that are traded on exchanges. The warrant contracts are not exchange traded and allow the Company to purchase underlying equities at a fixed price. The maximum exposure to credit risk associated with these warrants is their recorded amount.

Capital risk management

The Company's objective when managing its capital is to maintain a solid capital structure appropriate for the nature of the Company's business. The Company considers its capital to be its Shareholders' Equity. The Liability for redeemable units is shown as part of the Liabilities on the consolidated financial statements. On the financial statements of the individual funds this item is shown as part of equity. The Company manages its Capital structure in light of changes in economic conditions. To maintain or adjust its capital structure the Company initiates normal issuer bids or can adjust the amount of dividends paid. The Company monitors capital on the basis of its debt to capital ratio. Its debt to capital ratio was as follows (in millions):

	March 31, 2015	December 31, 2014
Total liabilities	$ 1,573.4	$ 1,198.4
Total equity	$ 978.8	$ 821.7
Debt to Capital ratio	1.61	1.46

The Company's goal is to maintain a debt to Capital ratio below 2.0 in order to limit the amount of risk. The Company believes that limiting its debt to Capital ratio in this manner is the best way to control risk. The Company's debt to capital ratio was at to 1.61 at the end of March 2015 from 1.46 at the end of 2014.

Critical accounting estimates and judgments

The company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates applied by management that most significantly affect the company's consolidated financial statements. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical accounting judgments

Consolidation of entities in which the company holds less than 50% of the voting rights
Management considers that the company has de facto control of Senvest Management LLC. (SML) formerly called Rima Senvest Management LLC, even though it has no shareholding in this structured entity, because of the Company's board representation and the contractual terms of the investment advisory agreement. SML is the investment adviser to the Funds, and in turn the company is the investment sub-adviser to the Funds. As compensation for its investment sub-advisory services, the company is entitled to receive 60% of the management and incentive fees earned by SML, its structured entity, each fiscal year.

Management considers that the company has control of the Senvest Funds even though the company has less than 50% of the voting rights in the Funds. The company assessed that the removal rights of non-affiliated unitholders are exercisable but not strong enough given the company's decision-making authority over relevant activities, the remuneration to which it is entitled and its exposure to returns. The Company, through its structured entity, is the majority unitholder of each of the Funds and acts as a principal while there are no other unitholders forming a group to exercise their votes collectively

Fair value estimates of financial instruments

The fair value of financial instruments where no active market exists or where quoted prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the extent practical, models use only observable data; however, areas such as credit risk (both the company's own credit risk and counterparty credit risk), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial instruments in Level 1

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets and financial liabilities held by the company is the close price. Investments classified in Level 1 include active listed equities and derivatives traded on an exchange. The financial assets classified as Level 1 were over 90% of the total financial assets.

Financial instruments in Level 2

Financial instruments classified with Level 2 trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or valuation techniques that use market data. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. These include corporate bonds, thinly traded listed equities, over-the-counter derivatives and private equities.

The company uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market inputs and relying as little as possible on entity-specific inputs. The financial assets classified as Level 2 were about 6% of the total financial assets.

Financial instruments in Level 3

Investments classified in Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments consist of unlisted equity investments and real estate investments. As observable prices are not available for these securities, the company has used valuation techniques to derive the fair value. The financial assets classified as Level 3 were under 5% of the total fair value of financial assets.

Level 3 valuations are reviewed by the Company's Chief Financial Officer (CFO), who reports directly to the Board on a quarterly basis in line with the Company's reporting dates. On an annual basis, close to the year-end date, the company obtains independent, third party appraisals to determine the fair value of the company's most significant Level 3 holdings. The company's CFO reviews the results of the independent valuations. Emphasis is placed on the valuation model used to determine its appropriateness, the assumptions made to determine whether it is consistent with the nature of the investment, and market conditions and inputs such as cash flow and discount rates to determine reasonableness.

As at March 31 2015, Level 3 instruments are in various entities and industries. The Real estate investments are made up of investments in private real estate companies and in real estate income trusts. The real estate companies are involved with various types of buildings in different geographical locations. For the main Level 3 instruments, the company relied on appraisals carried out by independent third party valuators. There was no established market for any of these investments, so the most likely scenario is a disposal of the underlying assets. For the investments in real estate income trusts, the company relied mainly on audited financial statements, valuing the assets at fair value. The most likely scenario is an eventual sale of the underlying properties and their subsequent distribution to the holders.

Liability for redeemable units

Liability for redeemable units represents the units in the consolidated funds that are not owned by the company. One class of units may be redeemed as of the end of the first calendar quarter that occurs not less than one year after the date that such units were purchased and at the end of each calendar quarter thereafter. A second class may be redeemed as of the end of the first month that occurs not less than 25 months after the date such units were purchased and at the end of each calendar quarter thereafter. A third class may be redeemed as of the end of any calendar month; provided, however, that redemptions made within the first 24 months will be subject to a redemption fee which is payable to the funds. In addition there are notice periods of 30 to 60 days that must be given prior to any redemption. A fourth class may only be redeemed after two years. These units are recognized initially at fair value, net of any transaction costs incurred, and subsequently measured at redemption amount. At the individual fund level this item is not shown as a liability but as part of shareholders equity. It is deemed to be a liability only for the consolidated financial statements as they are prepared from the point of view of the parent company.

Income taxes

The company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provisions for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

QUARTERLY RESULTS

(In thousands except for earnings(loss) per share information)

Year	Total revenue and investment gains(losses)	Net income (loss) owners of the parent	Earnings (loss) per share
2015-1	154,178	67,967	24,21
2014-4	216,314	109,666	32.63
2014-3	(52,697)	(30,072)	(9.11)
2014-2	(16,237)	(19,772)	(7.09)
2014-1	150,171	81,357	24.83
2013-4	146,918	57,020	17.15
2013-3	98,395	48,042	13.69
2013-2	83,615	45,272	13.83

The Company maintains accounts with several major financial institutions in the U.S. who function as the Company's main prime brokers. The Company has assets with the prime brokers pledged as collateral for leverage. Although the prime brokers are large financial institutions there is no guarantee that any financial institution will not become insolvent. In addition there may be practical or time problems associated with enforcing the Company's rights to its assets in the case of such insolvency.

While both the U.S. Bankruptcy Code and the Securities Investor Protection Act seek to protect customer property in the event of a failure, insolvency or liquidation of a broker dealer, there is no certainty that, in the event of a failure of a broker dealer that has custody of the Company's assets, the company would not incur losses due to its assets being unavailable for a period of time, ultimately less than full recovery of its assets, or both. A significant majority of the Company's assets are in custody with four prime brokers, such losses could be significant.

On June 25, 2014 Senvest commenced a new normal course issuer bid to purchase a maximum of 130,000 of its own common shares before June 24, 2015. The Company has repurchased 13,700 shares in the year. The number of common shares outstanding as at March 31, 2015 was 2,793,424 and as at May 1, 2015 was 2,836,424. The number of stock options outstanding totalled 48,000 as at March 31, 2015 and 5,000 as at May 1, 2015. There were no new stock options granted in 2015, and all options issued in the past expire at the end of 2015.

The Company' has a credit facility with a bank, composed of a credit facility and a guarantee facility. The Company also has margin facilities with brokers. The Company has available a 12 million euro guarantee facility that would allow standby letters of credit to be issued on behalf of the Company. In addition, a first ranking movable hypothec in the amount of $30 million on all of its assets has been granted as collateral for both of the facilities. According to the terms of the facilities, the Company is required to comply with certain financial covenants. During the period, the Company met the requirements of all the covenants.

Impact of New Income Tax Rules

On February 11, 2014, the federal Minister of Finance presented the majority government's 2014 Federal Budget (the "Budget"). The Budget proposed income tax changes to parts of Canada's foreign affiliate regime effective January 1, 2015. These proposals became law in December 2014. These changes will have an effect on the mechanism by which certain foreign income of the Company is taxed in Canada. They will negatively impact the Company's income tax expense and income tax liability, as well as the Company's cash flow, for 2015 and future taxation years

Related party transactions

The Company consolidates the Senvest Management LLC (formerly called Rima Senvest Management LLC), entity that serves as the investment manager of Senvest Partners and Senvest Israel Partners. The portion of the expected residual returns of the entity that does not belong to the Company is reflected as non-controlling interest on the statement of financial position. This non-controlling interest is owned by an executive of the Company and totalled $104 million as at March 31, 2015 from $83.7 million as at December 31, 2014.

Significant Equity Investments

For information on a summary of financial information from certain significant investees please refer to the 2014 annual report. The accounts of Senvest Partners, Senvest Israel Partners and Senvest Cyprus recovery Investment Fund are consolidated with the Company's accounts.

FORWARD LOOKING STATEMENTS

This MD&A contains "forward looking statements" which reflect the current expectations of management regarding our future growth, results of operations, performance and business prospects and opportunities. Wherever possible, words such as "may", "would", "could", "will", "anticipate","believe", "plan", "expect", "intend", "estimate", "aim", "endeavour" and similar expressions have been used to identify these forward looking statements. These statements reflect our current beliefs with respect to future events and are based on information currently available to us. Forward looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking statements including, without limitation, those Risk Factors listed in the Company's annual information form. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward looking statements contained in this MD&A. These forward looking statements are made as of May 15, 2015 and will not be updated or revised except as required by applicable securities law.

OTHER FINANCIAL INFORMATION

There is additional financial information about the Company on Sedar at www.sedar.com, as well the Company's (or Senvest Management's) US SEC filings on www.sec.gov and on the Company's website at www.senvest.com

INTERNAL CONTROLS

The Company's President and Chief Executive Officer and its Vice-President and Chief Financial Officer are responsible for establishing and maintaining the Company's disclosure controls and procedures. After evaluating the effectiveness of the Company's disclosure controls and procedures as at March 31, 2015 they have concluded that the Company's disclosure controls and procedures are adequate and effective to ensure that material information relating to the company and its subsidiaries would have been known to them.

Internal control over financial reporting (ICFR) is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and its compliance with Generally Accepted Accounting Principles in its financial statements. The President and Chief Executive Officer and the Vice-President and Chief Financial Officer have supervised the evaluation of the design and effectiveness of the Company's internal controls over financial reporting as of March 31 2015 and believe the design and effectiveness to be adequate to provide such reasonable assurance using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). There have been no changes in the Company's ICFR during the year ended March 31, 2015, that have materially affected, or are reasonably likely to materially affect, the effectiveness of the ICFR.

(Signed)

Victor Mashaal
Chairman of the Board and President

May 15, 2015

(Management Discussion and Analysis ("MD&A") provides a review of Senvest Capital Inc.'s operations, performance and financial condition for the period ended March 31, 2015, and should be read in conjunction with the 2014 annual report. Readers are also requested to read the Annual Information Form as well as visit the SEDAR website at www.sedar.com for additional information. This MD&A also contains certain forward-looking statements with respect to the Corporation. These forward-looking statements, by their nature necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by these forward-looking statements. We consider the assumptions on which these forward-looking statements are based to be reasonable, but caution the reader that these assumptions regarding future events, many of which are beyond our control may ultimately prove to be incorrect.)

Senvest Capital Inc.
Interim Consolidated Statements of Financial Position
(Unaudited)

(in thousands of Canadian dollars)

	Note	As at March 31, 2015 $	As at December 31, 2014 $
Assets			
Cash and cash equivalents		26,768	16,263
Restricted short-term investments		456	455
Due from brokers		262,461	177,659
Equity investments and other holdings	5	2,200,240	1,770,540
Investments in associates		12,507	11,164
Real estate investments		44,135	36,983
Income taxes receivable		403	162
Deferred income tax assets		618	607
Other assets		4,606	6,309
Total assets		2,552,194	2,020,142
Liabilities			
Bank advances		139	-
Trade and other payables		26,071	30,348
Due to brokers		9,548	16,541
Equities sold short and derivative liabilities	5	783,725	555,901
Redemptions payable		-	1,819
Subscriptions received in advance		1,267	5,858
Income taxes payable		10,609	4,115
Liabilities under cash-settled share-based payments		6,895	6,233
Deferred income tax liabilities		44,602	36,209
Liability for redeemable units		690,567	541,378
Total liabilities		1,573,423	1,198,402
Equity			
Equity attributable to owners of the parent			
Share capital		16,086	16,091
Accumulated other comprehensive income		137,619	68,683
Retained earnings		721,067	653,232
Total equity attributable to owners of the parent		874,772	738,006
Non-controlling interests		103,999	83,734
Total equity		978,771	821,740
Total liabilities and equity		2,552,194	2,020,142

The notes on pages 1 to 23 are an integral part of these condensed interim consolidated financial statements.

Approved by the Board of Directors

______________________________ Director ______________________________ Director

Senvest Capital Inc.

Interim Consolidated Statements of Income

(Unaudited) For the three-months ended March 31, 2015 and 2014

(in thousands of Canadian dollars, except per share data)

	2015 $	2014 $
Revenue		
Interest income	724	972
Net dividend income (expense)	(300)	3,327
Other income	-	7
	424	4,306
Investment gains		
Net change in fair value of equity investments and other holdings	133,755	145,744
Net change in fair value of real estate investments	1,801	883
Share of Income (loss) of associates	312	(93)
Foreign exchange gain (loss)	17,886	(669)
	153,754	145,865
Total revenue and investment gains	154,178	150,171
Operating costs and other expenses		
Employee benefit expense	8,451	9,810
Interest expense	3,102	684
Transaction costs	2,265	2,148
Other operating expenses	2,936	1,615
	16,754	14,257
Change in redemption amount of redeemable units	42,837	47,417
Income before income tax	94,587	88,497
Income tax expense	14,295	7,140
Net income for the period	80,292	81,357
Net income attributable to:		
Owners of the parent	67,967	69,563
Non-controlling interests	12,325	11,794
Earnings per share		
Basic	24.33	24.83
Diluted	24.21	24.83

The notes on pages 1 to 23 are an integral part of these condensed interim consolidated financial statements.

Senvest Capital Inc.

Interim Consolidated Statements of Comprehensive Income

(Unaudited) For the three-months ended March 31, 2015 and 2014

(in thousands of Canadian dollars)

	2015 $	2014 $
Net income for the period	80,292	81,357
Other comprehensive income		
Currency translation differences	76,876	24,815
Comprehensive income for the period	157,168	106,172
Comprehensive income attributable to:		
Owners of the parent	136,903	91,809
Non-controlling interests	20,265	14,363

The notes on pages 1 to 23 are an integral part of these condensed interim consolidated financial statements.

Senvest Capital Inc.

Interim Consolidated Statements of Changes in Equity

(Unaudited) For the three-months ended March 31, 2015 and 2014

(in thousands of Canadian dollars)

	Attributable to owners of the parent					
	Share capital $	**Accumulated other comprehensive income $**	**Retained earnings $**	**Total $**	**Non-controlling interests $**	**Total equity $**
Balance – December 31, 2013	15,499	11,798	537,760	565,057	65,305	630,362
Net income for the period		-	82,388	82,388	10,607	92,995
Other comprehensive income		7,633	-	7,633	659	8,292
Comprehensive income for the period		7,633	82,388	90,021	11,266	101,287
Repurchase of common shares	-	-	-	-	-	-
Exercise of options	-	-	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-
	-	-	-	-	-	-
Balance – March 31, 2014	15,499	34,044	607,323	656,866	79,668	736,534
Balance – December 31, 2014	16,091	68,683	653,232	738,006	83,734	821,740
Net income for the period	-	-	67,967	67,967	12,325	80,292
Other comprehensive income	-	68,936	-	68,936	7,940	76,876
Comprehensive income for the period	-	68,936	67,967	136,903	20,265	157,168
Repurchase of common shares	(5)	-	(132)	(137)	-	(137)
Exercise of options	-	-	-	-	-	-
Distribution to non-controlling interest	-	-	-	-	-	-
	(5)	-	(132)	(137)	-	(137)
Balance – March 31, 2015	16,086	137,619	721,067	874,772	103,999	978,771

The notes on pages 1 to 23 are an integral part of these condensed interim consolidated financial statements.

Senvest Capital Inc.

Interim Consolidated Statements of Cash Flows

(Unaudited) For the three-months ended March 31, 2015 and 2014

(in thousands of Canadian dollars)

	Note	2015 $	2014 $
Cash flows provided by (used in)			
Operating activities			
Net income for the period		80,295	81,357
Adjustments for non-cash items	7a	(87,359)	(94,119)
Purchase of equity investments and other holdings held for trading		(309,756)	(265,185)
Purchase of equities sold short and derivative liabilities		(348,012)	(122,868)
Proceeds on sale of equity investments and other holdings held for trading		154,294	241,332
Proceeds from equities sold short and derivative liabilities		538,644	202,001
Changes in working capital items	7b	(74,144)	(48,404)
Net cash used in operating activities		(46,038)	(5,886)
Investing activities			
Transfers to restricted short-term investment		40	17,100
Purchase of real estate investments		(3,083)	(2,076)
Dividends and distributions received from real estate investments		992	366
Purchase of equity investments and other holdings designated as fair value through profit or loss		(3,634)	-
Net cash provided by (used in) investing activities		(5,685)	15,390
Financing activities			
Increase in bank advances		136	1,030
Repurchase of common shares		(137)	
Proceeds from issuance of redeemable units		62,295	23,188
Amounts paid on redemption of redeemable units		(1,348)	(30,169)
Net cash provided by (used in) financing activities		60,946	(5,951)
Increase in cash and cash equivalents		9,223	3,553
Effect of changes in foreign exchange rates on cash and cash equivalents		1,282	493
Cash and cash equivalents – Beginning of period		16,263	12,518
Cash and cash equivalents – End of period		26,768	16,564
Amounts of cash flows classified within operating activities:			
Cash paid for interest		2,303	725
Cash paid for dividends on equities sold short		3,779	264
Cash received on interest		195	735
Cash received on dividends		3,832	4,276
Cash paid for income taxes		4,473	9,789

The notes on pages 1 to 23 are an integral part of these condensed interim consolidated financial statements.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

1 General information

Senvest Capital Inc. (the "Company") was incorporated under Part I of the Canada Corporations Act on November 20, 1968 under the name Sensormatic Electronics Canada Limited, and was continued under the Canada Business Corporations Act under the same name effective July 23, 1979. On April 21, 1991, the Company changed its name to Senvest Capital Inc. The Company and its subsidiaries hold investments in equity and real estate holdings that are located predominantly in the United States. The Company's head office and principal place of business is located at 1000 Sherbrooke Street West, Suite 2400, Montréal, Quebec H3A 3G4. The Company's shares are traded on the Toronto Stock Exchange under the symbol "SEC". Refer to note 8 for the composition of the Company.

2 Summary of significant accounting policies

Basis of preparation

These condensed interim financial statements for the three months ended March 31, 2015 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with IFRSs.

The Board of Directors (Board) approved these consolidated financial statements for issue on May 15, 2015

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and financial liabilities held at fair value through profit or loss, including derivative instruments and liabilities under cash-settled share-based payments which have been measured at fair value.

Consolidation

The financial statements of the company consolidate the accounts of the company, its subsidiaries and its structured entities. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation. Where applicable, amounts reported by subsidiaries, associates and structured entities have been adjusted to conform with the company's accounting policies.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the company has control. The company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are deconsolidated from the date that control ceases.

Investments in associates

Associates are entities over which the company has significant influence but not control, generally accompanying a holding of between 20% to 50% of the voting rights. The financial results of the company's investments in its associates are included in the company's results according to the equity method.

Subsequent to the acquisition date, the company's share of profits or losses of associates is recognized in the consolidated statement of income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Dilution gains and losses arising from changes in interests in investments in associates are recognized in the consolidated statement of income.

The company assesses at each year-end whether there is any objective evidence that its interests in associates are impaired. If impaired, the carrying value of the company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less cost to sell and value in use) and charged to the consolidated statement of income. In accordance with International Accounting Standard (IAS) 36, Impairment of Assets, impairment losses are reversed in subsequent years if the recoverable amount of the investment subsequently increases and the increase can be related objectively to an event occurring after the impairment was recognized.

The company has investments in associates which hold investment properties. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the date of the consolidated statement of financial position. Gains or losses arising from changes in the fair value of investment properties are included in the statement of income (loss) of the associate in the year in which they arise.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Liability for redeemable units

Liability for redeemable units represents the units in Senvest Master Fund, L.P., Senvest Israel Partners, L.P. and Senvest Cyprus Recovery Investment Partners, L.P. Fund (the Funds or individually the Fund) that are not owned by the Company. Senvest Master Fund, L.P. and Senvest Israel Partners, L.P. have one class of units that may be redeemed as of the end of the first calendar quarter that occurs not less than one year after the date that such units were purchased and at the end of each calendar quarter thereafter. A second class may be redeemed as of the end of the first month that occurs not less than 25 months after the date such units were purchased and at the end of each calendar quarter thereafter. A third class may be redeemed as of the end of any calendar month; however, redemptions made within the first 24 months will be subject to a redemption fee of 3% to 5% which is payable to Senvest Master Fund, L.P. and Senvest Israel Partners, L.P. In addition there are notice periods of 30 to 60 days that must be given prior to any redemption. Senvest Cyprus Recovery Investment Partners, L.P. Fund has units that cannot be redeemed for at least two years. These units are recognized initially at fair value, net of any transaction costs incurred, and subsequently units are measured at the redemption amount.

Redeemable units are issued and redeemed at the holder’s option at prices based on each Fund’s net asset value per unit at the time of subscription or redemption. Each Fund’s net asset value per unit is calculated by dividing the net assets attributable to the holders of each class of redeemable units by the total number of outstanding redeemable units for each respective class. In accordance with the provisions of the Funds’ offering documents, investment positions are valued at the close price for the purpose of determining the net asset value per unit for subscriptions and redemptions.

Non-controlling interests

Non-controlling interests represent equity interests in the structured entity owned by outside parties. The share of net assets of the structured entity attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company’s ownership interest in the structured entity that do not result in a loss of control are accounted for as equity transactions.

Foreign currency translation

Functional currency

Items included in the financial statements of each of the company’s entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The functional currency of the parent company is the US dollar.

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity’s functional currency are recognized in the consolidated statement of income.

All foreign exchange gains and losses are presented in the consolidated statement of income (loss) in Foreign exchange gain (loss).

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Consolidation and foreign operations

The financial statements of an entity that has a functional currency different from that of the parent company are translated into US dollars as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period (as this is considered a reasonable approximation of actual rates). All resulting changes are recognized in other comprehensive income (loss) as currency translation differences.

When an entity disposes of its entire interest in a foreign operation, or loses control or significant influence over a foreign operation, the foreign exchange gains or losses accumulated in other comprehensive income (loss) related to the foreign operation are recognized in net income. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign exchange gains or losses accumulated in other comprehensive income (loss) related to the subsidiary are reallocated between controlling and non-controlling interests.

Presentation currency

The company has adopted the Canadian dollar as its presentation currency, which in the opinion of management is the most appropriate presentation currency. Historically, the company's consolidated financial statements have been presented in Canadian dollars, and since the company's shares are listed on a Canadian stock exchange, management believes it would better serve the use of shareholders to continue issuing consolidated financial statements in Canadian dollars. The US dollar consolidated financial statements described above are translated into the presentation currency as follows: assets and liabilities – at the closing rate at the date of the consolidated statement of financial position; and income and expenses – at the average rate for the period. All resulting changes are recognized in other comprehensive income (loss) as currency translation differences. Equity items are translated using the historical rate.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

At initial recognition, the company classifies its financial instruments in the following categories, depending on the purpose for which the instruments were acquired:

a) Financial assets and financial liabilities at fair value through profit or loss

Classification

The company classifies its equity investments and other holdings, real estate investments and equities sold short and derivative liabilities as financial assets or financial liabilities at fair value through profit or loss. This category has two subcategories: financial assets or financial liabilities held for trading and those designated at fair value through profit or loss.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

i) Financial assets and financial liabilities held for trading

A financial asset or financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if on initial recognition it is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The company does not classify any derivatives as hedges in a hedging relationship.

The company makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions.

From time to time, the company enters into derivative financial instruments for speculative purposes. These instruments are marked to market, and the corresponding gains and losses for the year are recognized in the consolidated statement of income. The carrying value of these instruments is fair value, which approximates the gain or loss that would be realized if the position were closed out as at the consolidated statement of financial position date. The fair value is included in equity investments and other holdings if in an asset position or equities sold short and derivative liabilities if in a liability position.

ii) Financial assets designated as fair value through profit or loss

Financial assets designated as fair value through profit or loss are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the company’s documented investment strategy.

The company’s policy requires management to evaluate the information about these financial assets and financial liabilities on a fair value basis together with other related financial information

Recognition, derecognition and measurement

Regular purchases and sales of investments are recognized on the trade date – the date on which the company commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed as incurred in the consolidated statement of income.

Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are presented in the consolidated statement of income in net change in fair value of equity investments and other holdings or net change in fair value of real estate investments in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognized in the consolidated statement of income as net dividend income when the company’s right to receive payment is established. Interest on debt securities at fair value through profit or loss is recognized in the consolidated statement of income in interest income based on the effective interest rate. Dividend expense on equities sold short is included in net dividend income.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and when there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

b) Loans and receivables

Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The company's loans and receivables comprise cash and cash equivalents, restricted short-term investment and due from brokers, as well as loans to employees, which are included in other assets.

Recognition, derecognition and measurement

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

At each reporting date, the company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the company recognizes an impairment loss, as follows:

- The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.
- Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

c) Financial liabilities at amortized cost

Classification

Financial liabilities at amortized cost comprise bank advances, trade and other payables, due to brokers, redemptions payable and liability for redeemable units.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Recognition, derecognition and measurement

Trade and other payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, trade and other payables are measured at amortized cost using the effective interest method. Bank advances, due to brokers, redemptions payable and subscriptions received in advance are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

amortized cost using the effective interest method. Bank advances, due to brokers, redemptions payable and liability for redeemable units are recognized initially at fair value, net of any transaction costs incurred, and subsequently at amortized cost using the effective interest method.

Due from and to brokers

Amounts due from and to brokers represent positive and negative cash balances or margins, respectively, and pending trades

A provision for impairment of amounts due from brokers is established when there is objective evidence that the company will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization, and default in payments are considered indicators that the amount due from brokers is impaired. Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Income tax

Income tax comprises current and deferred tax. Income tax is recognized in the consolidated statement of income except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the consolidated statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be used.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Interest income and dividend income

Interest income

Interest income is recognized using the effective interest method. It includes interest income from cash and cash equivalents and interest on debt securities at fair value through profit or loss.

Dividend income

Dividend income is recognized when the company's right to receive payments is established.

Transaction costs

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment.

Transaction costs related to financial assets and financial liabilities at fair value through profit or loss are expensed as incurred. Transaction costs for all other financial instruments are capitalized, except for instruments with maturity dates, in which case transaction costs are amortized over the expected life of the instrument using the effective interest method

Employee benefits

Post-employment benefit obligations

Employees of companies included in these consolidated financial statements have entitlements under company pension plans which are defined contribution pension plans. The cost of defined contribution pension plans is charged to expense as the contributions become payable and is included in the same line item as the related compensation cost in the consolidated statement of income.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Share-based payments

The company grants stock options to certain employees, directors and senior executives. Stock options vest on the grant date and expire after ten years. The fair value of each award is measured at the date of grant using the Black-Scholes option pricing model. The stock option plan allows the employees, directors and senior executives the choice whether to settle in cash or equity instruments. The liability incurred is measured at fair value, and the company recognizes immediately the compensation expense and a liability payable for the option. The fair value of the liability is remeasured at each reporting date and at the settlement date. Any changes in fair value are recognized in profit or loss as share-based compensation expense for the year. If the entity pays in cash on settlement rather than by issuing equity instruments, that payment will be applied to settle the liability in full.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new common shares or options are recorded in equity as a deduction, net of tax, from the proceeds.

Dividend distribution

Dividends on the company’s common shares are recognized in the company’s consolidated financial statements in the year in which the dividends are declared and approved by the company’s Board.

Earnings per share

Basic earnings per share is calculated by dividing the net income for the year attributable to equity owners of the parent by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The company’s potentially dilutive common shares comprise stock options granted to employees, directors and senior executives. In calculating diluted earnings per share, the assumed proceeds on exercise of options are regarded as having been used to repurchase common shares at the average market price during the year.

New and amended Accounting standards adopted in 2015

No new standards have been adopted for the first time in these interim financial statements.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Accounting standards and amendments issued but not yet applied

The following improvements were effective for years beginning on or after July 1, 2014 and are not expected to have a significant impact on the consolidated financial statements:

- IFRS 8, Operating Segments, has been amended to require disclosure of judgments made by management in aggregating segments and to require a reconciliation of segment assets to the entity's assets when segment assets are reported. This amendment was effective on July 1, 2014.

- IAS 24, Related Party Disclosures, has been amended to revise the definition of related party to include an entity that provides key management personnel services to the reporting entity or its parent, and to clarify the related disclosure requirements.

The Company presents the developments that are relevant to its activities and transactions. The following revised standard and amendments are effective for annual periods beginning on or after January 1, 2015 and have not been applied in preparing these consolidated financial statements. The Company has not early adopted this standard and amendments.

- Amends IAS 27 to restore the option to use the equity method to account for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.

- Amends IFRS 1 to permit use of the business combinations exemption for investments in subsidiaries accounted for using the equity method in the separate financial statements of the first-time adopter.

- IFRS 15, Revenue from Contracts with Customers, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18, Revenue, and IAS 11, Construction Contracts, and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted. The Company is assessing the impact of IFRS 15.

- IFRS 9, Financial Instruments, was issued in November 2009. It addresses classification, measurement and recognition of financial assets and financial liabilities and replaces the multiple category and measurement models for debt instruments in IAS 39, Financial Instruments: Recognition and Measurement, with a new mixed measurement model with only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends, to the extent not clearly representing a return of investment, are recognized in profit or loss; however, other gains and losses (including impairments) associated with such instruments remain in accumulated other comprehensive income indefinitely.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Requirements for financial liabilities were added in October 2010, and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income. The effective date of this standard is January 1, 2018.

IFRS 9 was amended in November 2013, mainly to include guidance on hedge accounting; allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk from financial liabilities designated under the fair value option in other comprehensive income (without having to adopt the remainder of IFRS 9); and remove the previous mandatory effective date of January 1, 2015, although the standard is available for early adoption. The Company is currently assessing the impact of this standard on the consolidated financial statements.

3 Critical accounting estimates and judgments

Critical accounting estimates

The company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates applied by management that most significantly affect the company’s consolidated financial statements. These estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Fair value of financial instruments

The fair value of financial instruments where no active market exists or where listed prices are not otherwise available are determined by using valuation techniques. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or by using models. Where market observable inputs are not available, they are estimated based on appropriate assumptions. To the extent practical, models use only observable data; however, areas such as credit risk (both the Company’s own credit risk and counterparty credit risk), volatilities and correlations require management to make estimates.

Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Refer to note 4 for risk sensitivity information for financial instruments.

Income taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the consolidated provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the year in which such determination is made.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Critical accounting judgments

Consolidation of entities in which the company holds less than 50% of the voting rights.

Management considers that the Company has de facto control of Senvest Management L.L.C. (SML), even though it has no shareholding in this structured entity, because of the Company's board representation and the contractual terms of the investment advisory agreement. SML is the investment adviser to the Funds, and in turn the Company is the investment sub-adviser to the Funds. As compensation for its investment sub-advisory services, the Company is entitled to receive 60% of the management and incentive fees earned by SML, its structured entity, each fiscal year.

Management considers that the Company has control of Senvest Master Fund, L.P., Senvest Israel Partners, L.P. and Senvest Cyprus Recovery Investment Partners, L.P. even though the Company has less than 50% of the voting rights in each of the Funds. The Company assessed that the removal rights of non-affiliated unitholders are exercisable but not strong enough given the Company's decision-making authority over relevant activities, the remuneration to which it is entitled and its exposure to returns. The Company, through its structured entity, is the majority unitholder of each of the Funds and acts as a principal while there are no other unitholders forming a group to exercise their votes collectively.

4 Financial risks

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk, cash flow interest rate risk, currency risk and equity price risk), credit risk and liquidity risk.

The company's overall risk management program seeks to maximize the returns derived for the level of risk to which the company is exposed and seeks to minimize potential adverse effects on the company's financial performance. Managing these risks is carried out by management under policies approved by the Board.

The company uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below

Market risk

Fair value and cash flow interest rate risks

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The majority of the company's debt is based on floating rates which expose the company to cash flow interest rate risk. The company does not have a long-term stream of cash flows that it can match against this type of fixed debt, so it prefers to use short-term floating rate debt. The company does not mitigate its exposure to interest rate fluctuation on floating rate debt. If interest rates spike, then the company could enter into interest rate swaps or more probably just reduce its debt level. As at March 31, 2015, the company has listed equity securities of $2,056 million (2014 – $1,429 million). It can sell these securities to reduce its floating rate debt.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

As at March 31, 2015, a 1% increase or decrease in interest rates, with all other variables remaining constant, would impact interest expense by approximately $191 thousand over the next 12 months (2014 – $2.5 million).

Currency risk

Currency risk is the risk that the value of monetary financial assets and financial liabilities denominated in foreign currencies will vary as a result of changes in underlying foreign exchange rates. The company is exposed to currency risk due to potential variations in currencies other than the US dollar. The following tables summarize the company's main monetary financial assets and financial liabilities whose fair value is predominantly determined in currencies other than the US dollar, the company's functional currency, and the effect on pre-tax income of a 10% change in currency exchange rates:

	Financial assets $	**Financial liabilities $**	**Net exposure $**	**Effect of a 10% increase or decrease $**
Japanese yen	-	(186,212)	(186,212)	(18,621)
Swiss franc	9,611	(125,499)	(115,888)	(11,589)
Euro	143,266	(219,121)	(75,855)	(7,586)
Canadian dollar	22,865	(49,295)	(26,430)	(2,643)
Israeli shekel	15,195	(15,592)	(397)	(40)
Norwegian krone	9,465	(7,010)	2,455	246
British pound sterling	11,702	(6,270)	5,432	543
Argentine peso	14,535	-	14,535	1,454
	226,639	(608,999)	(382,360)	(38,236)

Equity price risk

Equity price risk is the risk that the fair value of equity investments and other holdings and equities sold short and derivative liabilities will vary as a result of changes in the market prices of the holdings. The majority of the company's equity investments and other holdings and all of the equities sold short are based on quoted market prices as at the consolidated statement of financial position date. Changes in the market price of quoted securities may be related to a change in the financial outlook of the investee entities or due to the market in general. Where non-monetary financial instruments − for example, equity securities − are denominated in currencies other than the US dollar, the price, initially expressed in a foreign currency and then converted into US dollars, will also fluctuate because of changes in foreign exchange rates.

Equities sold short represent obligations of the company to make future delivery of specific securities and create an obligation to purchase the security at market prices prevailing at the later delivery date. This creates the risk that the company's ultimate obligation to satisfy the delivery requirements will exceed the amount of the proceeds initially received or the liability recorded in the consolidated financial statements.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

The company's equity investments and other holdings have a downside risk limited to their carrying value, while the risk of equities sold short and derivative liabilities is open-ended. The company is subject to commercial margin requirements which act as a barrier to the open-ended risks of the equities sold short and derivative liabilities. The company closely monitors both its equity investments and other holdings and its equities sold short and derivative liabilities.

The impact of a 30% change in the market prices of the company's equity investments with quoted value and equities sold short would be as follows:

	As at March 31, 2015		
	Fair value $	**Estimated fair value with a 30% price increase** $	**Estimated fair value with a 30% price decrease** $
Equity investments and other holdings			
Listed equity securities	2,056,025	2,672,833	1,439,218
Equities sold short	(736,207)	(957,070)	(515,345)
Before-tax impact on net income		395,945	(395,945)

	As at December 31, 2014		
	Fair value $	**Estimated fair value with a 30% price increase** $	**Estimated fair value with a 30% price decrease** $
Equity investments and other holdings			
Listed equity securities	1,647,342	2,141,545	1,153,139
Equities sold short	(543,418)	(706,443)	(380,393)
Before-tax impact on net income		331,178	(331,178)

The above analysis assumes that equity investments with quoted values and equities sold short would increase or decrease at the same rate. As the two portfolios are not hedged together, a change in market prices will affect each differently.

Credit risk

Credit risk is the risk that a counterparty will fail to fulfill its obligations under a contract and will cause the company to suffer a loss.

All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is executed only once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

The company is also exposed to counterparty credit risk on its cash and cash equivalents, restricted short-term investment and due from brokers

The company manages counterparty credit risk by dealing only with parties approved by the Board.

From time to time, the company enters into derivative financial instruments consisting primarily of warrants and options to purchase or sell equity indices and currencies. These derivative instruments are marked to market. There is deemed to be no credit risk for the options because they are traded on exchanges. The warrant contracts are not traded on an exchange and allow the company to purchase underlying equities at a fixed price.

Liquidity risk

Liquidity risk is the risk the company will encounter difficulties in meeting its financial obligations. The company's largest assets are equity investments and other holdings. Most of these assets are made up of equities in public holdings which can be liquidated in a relatively short time. Due to its large holding of liquid assets, the company believes that it has sufficient resources to meet its obligations.

All financial liabilities other than equities sold short and derivative liabilities as at the consolidated statement of financial position date mature or are expected to be repaid within one year. The liquidity risk related to these liabilities is managed by maintaining a portfolio of liquid investment assets.

Capital risk management

The company's objective when managing its capital is to maintain a solid capital structure appropriate for the nature of its business. The company considers its capital to be its equity. The company manages its capital structure in light of changes in economic conditions. To maintain or adjust its capital structure, the company initiates normal course issuer bids or adjusts the amount of dividends paid. The company monitors capital on the basis of its debt-to-capital ratio, which is as follows:

	As at March 31, 2015	**As at December 31, 2014**
Total liabilities	$ 1,573,423	$1,198,402
Total equity	$ 978,771	$821,740
Debt-to-capital ratio	1.61	1.46

The company's objective is to maintain a debt-to-capital ratio below 2.0. The company believes that limiting its debt-to-capital ratio in this manner is the best way to monitor risk. The company does not have any externally imposed restrictive covenants or capital requirements.

The company is not subject to any externally imposed capital requirements.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Fair value estimation

The tables below analyze financial instruments carried at fair value, by the valuation method. The different levels have been defined as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3 – Inputs that are not based on observable market data

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the company. The company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The following tables analyze within the fair value hierarchy the company’s financial assets and financial liabilities measured at fair value as at March 31, 2015 and December 31, 2014.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Recurring measurements				**As at March 31, 2015**
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets held for trading				
Equity securities	2,049,515	4,346	-	2,053,861
Debt securities	-	80,754	-	80,754
Derivative financial assets	-	34,851	-	34,851
Financial assets designated as fair value through profit or loss				
Equity securities	2,164	10,365	18,245	30,774
Real estate investments	-	-	44,135	44,135
	2,051,679	130,316	62,380	2,244,375
Liabilities				
Financial liabilities held for trading				
Equity holdings sold short	736,207	-	-	736,207
Debt securities	-	29,705		29,705
Derivative liabilities	-	17,813	-	17,813
	736,207	47,518	-	783,725

				As at December 31, 2014
	Level 1 $	**Level 2 $**	**Level 3 $**	**Total $**
Assets				
Financial assets held for trading				
Equity securities	1,644,772	461	-	1,645,233
Debt securities	-	64,141	-	64,141
Derivative financial assets	-	36,490	-	36,490
Financial assets designated as fair value through profit or loss				
Equity securities	2,109	9,370	13,197	24,676
Real estate investments	-	-	36,983	36,983
	1,646,881	110,462	50,180	1,807,523
Liabilities				
Financial liabilities held for trading				
Equity holdings sold short	543,418		-	543,418
Derivative liabilities	-	12,483	-	12,483
	543,418	12,483	-	555,901

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

Financial instruments in Level 1

The fair value of financial assets and financial liabilities traded in active markets are based on quoted market prices at the close of trading on the year-end date. The quoted market price used for financial assets and financial liabilities held by the company is the close price. Investments classified in Level 1 include active listed equities and derivatives traded on an exchange.

Financial instruments in Level 2

Financial instruments classified with Level 2 trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or valuation techniques that use market data. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. These include corporate bonds, thinly traded listed equities, over-the-counter derivatives and private equities.

The company uses a variety of methods and makes assumptions that are based on market conditions existing at each year-end date. Valuation techniques used for non-standardized financial instruments such as options and other over-the-counter derivatives include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analyses, option pricing models and other valuation techniques commonly used by market participants, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Description	**Valuation technique**
Equity securities	Quoted market prices or broker quotes for similar instruments
Private equities	Net asset value based on observable inputs
Debt securities	Quoted market prices or broker quotes for similar instruments
Derivatives	Quoted market prices or broker quotes for similar instruments

Financial instruments in Level 3

Investments classified in Level 3 have significant unobservable inputs, as they trade infrequently. Level 3 instruments consist of unlisted equity investments and real estate investments. As observable prices are not available for these securities, the company has used valuation techniques to derive the fair value.

Level 3 valuations are reviewed by the Company's Chief Financial Officer (CFO), who reports directly to the Board on a quarterly basis in line with the Company's reporting dates. The Board considers the appropriateness of the valuation models and inputs used. On an annual basis, close to the year-end date, the company obtains independent, third party appraisals to determine the fair value of the company's most significant Level 3 holdings. The company's CFO reviews the results of the independent valuations. Emphasis is placed on the valuation model used to determine its appropriateness, the assumptions made to determine whether it is consistent with the nature of the investment, and market conditions and inputs such as cash flow and discount rates to determine reasonableness.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

As at March 31, 2015 and December 31, 2014, Level 3 instruments are in various entities and industries. Real estate investments comprise investments in private real estate companies and in real estate income trusts. The real estate companies are involved with various types of buildings in different geographical locations. For the main Level 3 instruments, the company relied on appraisals carried out by independent third party valuators. There was no established market for any of these investments, so the most likely scenario is a disposal of the underlying assets. For the investments in real estate income trusts, the company relied mainly on audited financial statements, valuing the assets at fair value. The most likely scenario is an eventual sale of the underlying properties and their subsequent distribution to the holders

The following table presents the changes in Level 3 instruments:

	Real estate investments $	**Unlisted equity securities $**	**Total $**
As at December 31, 2013	33,183	29,988	63,171
Transfers out of Level 3	-	(33,207)	(33,207)
Purchases	5,951	1,893	7,844
Sales proceeds	(366)	(829)	(1,195)
Distributions	(6,603)	-	(6,603)
Gains (losses) recognized in net income			
On financial instruments held at end of year	2,541	4,314	6,855
On financial instruments disposed of during the year	-	297	297
Currency translation adjustments	3,019	2,124	5,143
As at December 31, 2014	36,983	13,197	50,180
Transfers out of level 3	-	-	-
Purchases	3,083	3,634	6,717
Sales proceeds	-	-	-
Distributions	(992)	-	(992)
Gains recognized in net income (loss)			
on financial instruments held at end of year	1,801	125	1,926
on financial instruments disposed of during the year			
Currency translation adjustments	3,260	1,289	4,549
As at March 31, 2015	44,135	18,245	62,380

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

The table below presents the investments whose fair values are measured using valuation techniques classified as Level 3 as at March 31, 2015:

Description	Fair value (rounded) as at March 31, 2015 $	Valuation technique	Significant unobservable inputs	Weighted average input	Reasonably possible shifts+/−	Change in value $
Unlisted private equity holdings	18,000	Comparable company valuation multiples	Revenue multiple	2.39x	10%	+/−200
			Revenue estimate	$27,000	$3,000	+/−200
Real estate income trusts (REITs)	27,000	Discounted cash flows	Discount rate	7.7%-11.1%	The REITs consist of numerous investments in commercial and residential properties, each with different unobservable inputs tailored to best estimate their fair value. The inputs disclosed cover the range used for all the real estate holdings in the REITs. A general analysis of the change in inputs would not reveal a fair change in value.	
			Capitalization rate	6.0%-8.0%		
			Discounted cash flow term	10 years		
			Rental growth rate	0.0%-10%		
Real estate investments in private entities	17,000	Capitalization model	Rate of return	6.0%	1.0%	+2,000 −1,400

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

5 Equity investments and other holdings, equities sold short and derivative liabilities

Equity investments and other holdings

	As at March 31, 2015 $	As at December 31, 2014 $
Assets		
Financial assets held for trading		
Equity securities	2,053,861	1,645,233
Debt securities	80,754	64,141
Derivative financial assets (i)	34,851	36,490
	2,169,466	1,745,864
Financial assets designated as fair value through profit or loss		
Equity securities	4,176	2,109
Unlisted equity securities	7,260	6,544
Structured fixed income fund units (ii)	4,290	3,883
Other (iii)	15,048	12,140
	2,200,240	1,770,540
Current portion	2,169,466	1,745,864
Non-current portion	30,774	24,676

Equities sold short and derivative liabilities

	As at March 31, 2015 $	As at December 31, 2014 $
Liabilities		
Financial liabilities held for trading		
Equities sold short		
Listed equity securities	736,207	543,418
Debt securities	29,704	
Derivatives (i)	17,813	12,483
	783,724	555,901

i) From time to time, the company enters into derivative financial instruments consisting primarily of options and warrants to purchase or sell equities.

ii) This holding is an investment in shares of a private entity that invests in US residential mortgage-backed securities (“RMBS”) — structured bonds that represent claims on the cash flows from pools of residential mortgage loans. There is no established market for this investment.

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

iii) These holdings are in private entities whose securities do not trade in an active market. There is no established market for these securities. The most likely scenario of a disposal of these holdings is an eventual sale of the underlying entities.

6 Income taxes

On February 11, 2014, the federal Minister of Finance presented the majority government's 2014 Federal Budget (the "Budget"). The Budget proposed income tax changes to parts of Canada's foreign affiliate regime effective January 1, 2015. These proposals became law in December 2014. These changes will have an effect on the mechanism by which certain foreign income of the Company is taxed in Canada. They will negatively impact the Company's income tax expense and income tax liability, as well as the Company's cash flow, for 2015 and future taxation years.

7 Supplementary information to consolidated statements of cash flows

a) Adjustments of items not affecting cash and cash equivalents are as follows:

	2015 **$**	**2014** **$**
Net change in fair value of equity investments and other holdings	(133,755)	(145,744)
Net change in fair value of real estate investments	(1,801)	(883)
Share of loss of associates, adjusted for distributions received	(312)	93
Share-based compensation expense, adjusted for settlements paid	662	1,006
Change in redemption amount of redeemable units	42,837	47,417
Deferred income tax	5,010	3,992
	(87,359)	(94,119)

b) Changes in working capital items are as follows:

	2015 **$**	**2014** **$**
Decrease (increase) in		
Due from brokers	(67,114)	(73,914)
Income taxes receivable	(221)	(207)
Other assets	2,455	2,985
Increase (decrease) in		
Trade and other payables	(6,916)	(8,587)
Due to Brokers	(8,341)	36,614
Income taxes payable	5,993	(5,295)
	(74,144)	(48,404)

(tabular figures are expressed in thousands of Canadian dollars, except per share data)

8 Disclosure of the composition of the company

Principal subsidiaries and structured entities

The consolidated financial statements include the accounts of the Company and all of its subsidiaries and structured entities as at March 31, 2015. The principal operating subsidiaries and structured entities and their activities are as follows.

Name	Country of incorporation	% Interest held	Nature of business
Senvest International LLC	United States	100	Investment company
Argentina Capital Inc.	Canada	100	Real estate
Pennslvania Properties Inc.	United States	100	Real estate
Senvest Equities Inc.	Canada	100	Investment company
Senvest Fund Management Inc.	United States	100	Investment adviser
Senvest Management L.L.C.	United States	-	Investment manager and general partner of the Funds
Senvest Master Fund, L.P.	Cayman Islands	41	Investment fund
Senvest Israel Partners, L.P.	United States	47	Investment fund
Senvest Cyprus Recovery Investment Partners, L.P. Fund	Cayman Islands	59	Investment fund
Senvest ARU Investments Ltd.	Canada	100	Investment company
A.R.U. Cyprus Equities and Investments Ltd.	Cyprus	80	Investment company
Punto Box SL	Spain	100	Real estate

The total non-controlling interest for the period is $20,265 (2014 – $14,363), which is mostly attributed to Senvest Management L.L.C. The change in redemption amount of liability for redeemable units for the period is $42,837 (2014 – $47,417), all of which is attributed to the Funds.

No guarantees or collateral were provided to the subsidiaries and structured entities. The Company is not liable for any contingent liabilities arising in its subsidiaries and structured entities and will not settle any liabilities on their behalf.

No restrictions are placed on the subsidiaries to transfer funds to the parent company in the form of cash dividends.