

19 October 2009

First Derivatives plc
("First Derivatives" or the "Company")

Acquisition of 15 per cent. of Kx Systems Inc

First Derivatives (AIM: FDP.L, IEX:GYQ.I), a global provider of software and support services to the financial services market, today announces that it has acquired a further 15 per cent interest in Kx Systems Inc ("Kx"), the California based firm which sells the market leading high-performance and time series analysis database kdb+. The total consideration for the 15 per cent. interest is US\$7.5 million (approximately £4.7m). Following the completion of the acquisition First Derivatives will own 20 per cent of the share capital of Kx.

First Derivatives has purchased 215,115 shares in Kx from Janet Lustgarten, the co-founder and current CEO of Kx, and from Zurich International (Bermuda) Limited (the "Vendors"). The consideration will be satisfied by a US\$5.4 million cash payment and the allotment and issue of 520,702 new First Derivatives ordinary shares (the "Consideration Shares") representing approximately 3.64 per cent. of the enlarged Company's issued share capital. The value of the Consideration Shares is based upon the average closing middle market price of the Company's ordinary shares for each of the 40 business days prior to 25 September 2009, the date on which agreement in principle was reached, being 244 pence per share. The exchange rate used to determine the number of shares to be allotted to the Vendor was £1 = US\$1.6287. The consideration has been funded from the Company's existing financial resources.

Kx is a profitable trading company and the acquisition is expected to have a marginally positive impact on First Derivatives earnings in the current year to February 2010.

Founded in 1993, Kx offers a unified approach to streaming, real-time and historical data analysis with its high-performance Kdb+ database platform. Kdb+ provides a portable 64-bit implementation of an expressive query and programming language to analyse and store streaming events, manipulate in-memory and on-disk databases, and build distributed low-latency applications. Kx focus is on delivering the best performance and flexibility for high-volume, data-intensive analytics and applications. Kx products are used worldwide by tier one banks in data and speed-intensive applications such as trade execution, web-based market data services, real-time market and credit risk analysis, back-testing of trading strategies, million-user Internet portals, dynamic telecom capacity and more. Kx generates income from one-off software licence fees and on-going maintenance revenues.

In 1998 First Derivatives entered into a partnership agreement with Kx which has become the Company's most successful third-party partnership such that it is now the exclusive sales partner for Kx in the financial sectors of North America, UK and Ireland. First Derivatives' internal training system and deep understanding of the financial services technology domain provides it with the knowledge and skills to assist in the integration Kx's products. First Derivatives receives commission on agreed sales of Kx Systems' products as well as receiving revenues for the provision of related managed services.

In January 2009 First Derivatives signed an OEM agreement with Kx Systems which allowed the Company to acquire an unlimited volume of the kdb+ product for development of its own products. The agreement has allowed First Derivatives to develop its Delta suite of products which combines kdb+ with its own intellectual property to provide a series of compelling high performance applications in the Algorithmic Trading, Market Data, Complex Event Processing and Risk Management spaces.

Application will be made to the London Stock Exchange and the Irish Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and IEX. It is expected that the New Ordinary Shares will be admitted to trading on 28 October 2009.

The New Ordinary Shares will, when issued, rank *pari passu* in all respects with the existing ordinary shares, including the right to receive dividends and other distributions declared following admission, save that they will not qualify for the interim-dividend to be paid in respect of the period to 30 September 2009.

Following admission the enlarged issued share capital of the Company will be 14,285,170 Ordinary Shares.

Brian Conlon, CEO of First Derivatives, commented:

“I am delighted that we are increasing our investment in Kx Systems Inc., further strengthening our ties with this progressive company. Kx's success and reputation in our domain is unparalleled, with its market leading products found in many of the world's top financial and investment institutions including Deutsche Bank, Zurich Financial Group, NYSE and Total Gas & Power. I look forward to contributing to its continued success when I take up office on the Board of Kx.

“Given that we have worked closely with Kx for a number of years this investment enhances our ability to exploit the synergies which now exist between our companies to their full potential. It further underpins our decision to utilise Kx's products as the core component in the development of our in-house software, the Delta suite of products. In addition, the transaction demonstrates the success of our partnership over the last 10 years and gives a positive signal that this will continue to develop.”

A representative list of Kx customers can be found at www.kx.com/customers

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