

SECURITY



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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
Washington, DC 8-67500

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 1/1/2009 AND ENDING 12/31/2009  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Discovery Group Holding Company, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

191 N. Wacker Drive, Suite 1685

(No. and Street)

Chicago

(City)

IL

(State)

60606

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Daniel Donoghue

312-265-9604

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

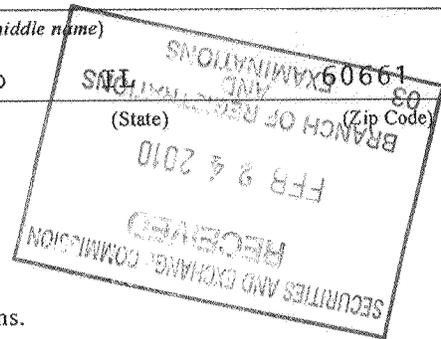
Hochfelder & Weber, P.C.

(Name - if individual, state last, first, middle name)

525 W. Monroe Street, Suite 910 Chicago

(Address)

(City)



CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

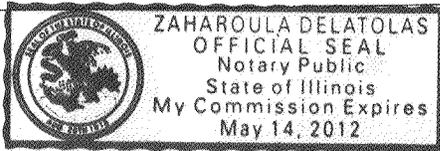
SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Donk S. Donoghue, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Discovery Group Holding Company, LLC, as of December 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



[Signature]  
Signature  
Managing Partner  
Title

Zaharoula Delatolas  
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**DISCOVERY GROUP HOLDING COMPANY, LLC**

**STATEMENT OF  
FINANCIAL CONDITON**

**DECEMBER 31, 2009**

**DISCOVERY GROUP HOLDING COMPANY, LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2009**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 907,003
Due from Related Parties	418,476
Other Receivables	30,521
Prepaid Expenses	<u>21,048</u>

Total Current Assets 1,377,048

**PROPERTY AND EQUIPMENT**

Office Equipment	133,055
Less: Accumulated Depreciation	<u>(133,055)</u>

Net Property and Equipment 0

**OTHER ASSETS**

Deposits	12,000
Investment in DEP, LP	536,400
Investment in Discovery Group I	<u>62,605</u>

Total Other Assets 611,005

**TOTAL ASSETS** \$ 1,988,053

**LIABILITIES AND MEMBERS' EQUITY**

**CURRENT LIABILITIES**

Accounts Payable	\$ 2,233
Accrued Expenses	<u>12,327</u>

Total Current Liabilities 14,560

**LONG TERM LIABILITIES**

Staff Incentive Reserve	51,598
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**MEMBERS' EQUITY**

1,921,895

**TOTAL LIABILITIES AND MEMBERS' EQUITY** \$ 1,988,053

The accompanying notes are an integral part of these statements.