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COMMISSION 549

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OMB APPROVAL	
OMB Number:	3235-0123
Expires:	April 30, 2013
Estimated average burden hours per response.....	12.00

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

SEC FILE NUMBER
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 1/1/2011 AND ENDING 12/31/2011
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, Suite 910

(Address)

Chicago,

(City)



60661

(Zip Code)

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)

OATH OR AFFIRMATION

I, Daniel 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, 2011, 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, 2011

DISCOVERY GROUP HOLDING COMPANY, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2011

ASSETS

CURRENT ASSETS

Cash	\$ 1,034,302
Due from Related Parties	398,848
Other Receivables	65,323
Prepaid Expenses	23,038
Other Investments	<u>541,528</u>

Total Current Assets 2,063,039

PROPERTY AND EQUIPMENT

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

Net Property and Equipment 0

OTHER ASSETS

Deposits	9,173
Investment in DEP, LP	1,651,260
Investment in Discovery Group I	<u>110,249</u>

Total Other Assets 1,770,682

TOTAL ASSETS **\$ 3,833,721**

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 22,108
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LONG TERM LIABILITIES

Staff Incentive Reserve	143,696
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MEMBERS' EQUITY

3,667,917

TOTAL LIABILITIES AND MEMBERS' EQUITY **\$ 3,833,721**

The accompanying notes are an integral part of these statements.