HOLLY MORTGAGE TRUST

2003 ANNUAL REPORT

TO OUR SHAREHOLDERS:

The financial statements for the years ending December 31, 2002 and 2003 at the end of this report audited by Mann, Frankfort, Stein & Lipp, CPA, L..L. P. show losses resulting from a write off of Holly's investments relating to the Wilco Building in Midland, Texas.

In 1999, Holly purchased all of the stock of A.R. Goldrick Company, Inc., the general partner of Wilco Building Partners, Ltd., the owner of the twenty-two story office building. Even though a recent cash call to the partners provided funding for repairs and improvements, there is no assurance that any future cash call would also be successful. Accordingly, the write off represents a very conservative approach to Holly's financial reporting.

Even with the write off, Holly, on a contingency basis, would have to report its share of partnership losses. To reduce that exposure, this year A.R. Goldrick sold over 95% of its 75.6% partnership interest for $100,000 plus a $500,000 note payable in equal annual installments over the next five years. Recently Holly also sold one-half of a Wilco second mortgage for $42,000. Both of these sales will result in income this year as a result of the earlier write off.

This year Holly is now involved in a real estate development in Tennessee that could produce significant revenues in Holly. The first mortgage financing of $1.7 million will be funded primarily by loan participants and they will receive all of the 3.0% p.a. fixed rate and 95% of any additional contingent interest earned on their funds. Holly would receive the fixed interest on the portion funded by it and 5% of all contingent interest earned which on a best case basis could be as high as 50%. There is, of course, no assurance that any contingent interest will be payable.

LOANS

The following tabulation summarizes all of the mortgage loans outstanding at December 31, 2003, either wholly or partially funded by Holly.

Original Principal Amount	Maturity	Interest Provision	Property Security Loan
$3,000,000	2006	12%	Participation in second mortgage in urban village near Sante Fe, NM
$ 300,000	2016	12%	Office building in Lakeland, FL
$ 300,000	2004	14%	Office development in Pasadena, TX
$ 216,000	2010	11%	Apartment complex in Pasadena, CA
$ 123,000	2004	12%	Office building in San Fransisco, CA

HOLLY MORTGAGE TRUST
AND WHOLLY-OWNED SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2003 AND 2002

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

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MANN
FRANKFORT
STEIN &
LIPP
Certified Public Accountants
A Limited Liability Partnership

12 Greenway Plaza, Suite 1202
Houston, Texas 77046-1289
(713) 561-6500
FAX (713) 968-7128

Independent Auditors' Report

To the Board of Trustees of
Holly Mortgage Trust and wholly-owned subsidiary
Houston, Texas

We have audited the consolidated balance sheets of Holly Mortgage Trust and its wholly-owned subsidiary (the "Trust") as of December 31, 2003 and 2002, and the related consolidated statements of operations, shareholders' deficit, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note D to the consolidated financial statements, the Trust reports its investment in Wilco Building Partners, Ltd. ("Wilco"), (a minority owned interest in which the Trust's subsidiaries is the general partner and has a 26% interest) under the equity method of accounting. In our opinion, accounting principles generally accepted in the United States requires that this investment be accounted for as a consolidated subsidiary. If the financial statements of Wilco had been consolidated with those of Holly Mortgage Trust and its wholly-owned subsidiary, total assets and total liabilities would be decreased by $3,822,421 and $4,064,137 as of December 31, 2003 and 2002, respectively, and revenues and expenses would be increased by $9,411 and decreased by $50,336, respectively, for the years then ended.

In our opinion, except for the effects of not consolidating Wilco, as discussed in the preceding paragraph, the consolidated financial statements referred to the in the first paragraph present fairly, in all material respects, the consolidated financial position of Holly Mortgage Trust and its wholly-owned subsidiary as of December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information in the accompanying Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Mann Frankfort Stein & Lipp CPAs, L.L.P.

Houston, Texas
May 17, 2004

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED BALANCE SHEETS

	December 31, 2003	December 31, 2002
ASSETS		
MORTGAGE NOTES RECEIVABLE		
Mortgage notes receivable	$ 4,183,682	$ 4,320,707
Mortgage participations	(3,507,619)	(3,607,823)
Allowance for loan losses	(316,063)	(416,063)
MORTGAGE NOTES RECEIVABLE, net	360,000	296,821
Cash and cash equivalents	75,260	290,227
Accrued interest receivable, net of allowance of $919,006 and $950,006 for 2003 and 2002, respectively	13,702	12,646
Other assets	-	5,400
Investment in affiliate	55,362	50,000
TOTAL ASSETS	$ 504,324	$ 655,094
LIABILITIES AND SHAREHOLDERS' DEFICIT		
LIABILITIES		
Accrued expenses	$ 136,428	$ 120,522
Deficit investment in partnership, at equity	780,849	210,139
Notes payable	71,518	69,985
Long-term debt - affiliate	230,000	400,000
TOTAL LIABILITIES	1,218,795	800,646
SHAREHOLDERS' DEFICIT		
Shares of beneficial interest, no par value, unlimited shares authorized, 1,404,732 shares issued and outstanding at December 31, 2003 and 2002, respectively	1,336,119	1,336,119
Accumulated deficit	(2,050,590)	(1,481,671)
TOTAL SHAREHOLDERS' DEFICIT	(714,471)	(145,552)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT	$ 504,324	$ 655,094

See accompany notes to consolidated financial statements.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31, 2003	2002
REVENUES		
Interest income	$ 102,626	$ 148,836
Other income	15,000	6,520
TOTAL REVENUES	117,626	155,356
COSTS AND EXPENSES		
General and administrative	51,391	60,530
Bad debt expense	43,410	563,466
Interest expense	28,896	50,508
Goodwill impairment	-	52,499
TOTAL COSTS AND EXPENSES	123,697	727,003
LOSS FROM OPERATIONS	(6,071)	(571,647)
EQUITY IN LOSS OF INVESTMENT IN PARTNERSHIP	(562,848)	(630,699)
NET LOSS	$ (568,919)	$ (1,202,346)
NET LOSS PER SHARE, basic and diluted	$ (.41)	$ (.86)
WEIGHTED AVERAGE SHARES OUTSTANDING	1,404,732	1,390,232

See accompany notes to consolidated financial statements.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' DEFICIT
YEARS ENDED DECEMBER 31, 2003 AND 2002

	Shares of Beneficial Interest		Accumulated	Total Shareholders'
	Number	Amount	Deficit	Equity
Balance at January 1, 2002	1,353,232	$ 1,284,619	$ (279,325)	$ 1,005,294
Issuance of shares for trustee fees	1,500	1,500	-	1,500
Issuance of shares for interest in affiliated partnership	50,000	50,000	-	50,000
Net loss	-	-	(1,202,346)	(1,202,346)
Balance at December 31, 2002	1,404,732	1,336,119	(1,481,671)	(145,552)
Net loss	-	-	(568,919)	(568,919)
Balance at December 31, 2003	1,404,732	$ 1,336,119	$ (2,050,590)	$ (714,471)

See accompany notes to consolidated financial statements.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2003	Year Ended December 31, 2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (568,919)	$ (1,202,346)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Goodwill impairment	-	52,499
Bad debt expense	43,410	563,466
Stock issued for trustee fees	-	1,500
Equity in loss on investment in affiliate and partnership interests	562,848	630,699
Change in operating assets and liabilities, net of effects of acquisition:		
Accrued interest receivable	(44,466)	5,318
Other receivables	5,400	(2,097)
Accrued expenses	15,906	73,380
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,179	122,419
CASH FLOWS FROM INVESTING ACTIVITIES		
Mortgage notes originated	(162,037)	(591,100)
Mortgage note participations sold	138,481	877,899
Principal collected on mortgage notes receivable, net of participation	(39,623)	165,642
Advance to affiliate	-	(286,680)
Distributions from equity method investments	2,500	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(60,679)	165,761
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt - affiliate	-	234,000
Payments on long-term debt - affiliate	(170,000)	(296,702)
Proceeds from note payable	90,000	90,000
Payments on note payable	(88,467)	(59,933)
NET CASH USED IN FINANCING ACTIVITIES	(168,467)	(32,635)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(214,967)	255,545
CASH AND CASH EQUIVALENTS, beginning of period	290,227	34,682
CASH AND CASH EQUIVALENTS, end of period	$ 75,260	$ 290,227
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 4,041	$ 58,872
Mortgage note receivable originated and funded by participation holder	$ 400,000	$ -
Stock issued for investment in affiliate	$ -	$ 50,000

See accompany notes to consolidated financial statements.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of Holly Mortgage Trust ("Holly") and A. R. Goldrick Company, Inc. ("Goldrick"), its wholly-owned subsidiary (collectively referred to as the "Trust"). All significant accounts and transactions have been eliminated upon consolidation. Holly was organized as a Massachusetts business trust on January 2, 1998 and Goldrick was acquired through a stock purchase (see Note C). The Trust is engaged primarily in the business of investing in second mortgages and equity participation mortgages. First Commonwealth Holdings Corporation ("FCHC"), whose principal shareholder is a trustee and a shareholder of the Trust, is the Trust's compensated manager and advisor.

Cash Equivalents: For purposes of the Consolidated Statements of Cash Flows, the Trust considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Mortgage Notes Receivable: Mortgage notes receivable are carried at unpaid principal balance since generally it is management's intention to hold the mortgage notes to maturity. Commitment and origination fees collected from prospective borrowers are deferred and recognized as income using a method approximating the interest method over the life of those loans.

A loan is considered impaired when it is probable that the scheduled principal or interest will not be collected when due. Impaired loans are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, or collateral fair value, if the loan is collateral dependent. If the measure of the impaired loan is less than the recorded investment in the loan, an impairment loss is recognized through a valuation allowance and a corresponding charge to operations.

Allowance for Losses: The allowance for losses is based on management's estimate of the amount required to maintain an allowance adequate to reflect the risks inherent in the loan portfolio after giving consideration to existing economic conditions, loss experience in relation to outstanding loans, changes in the loan portfolio, borrowers' performance in reducing loan principal, adequacy of loan collateral, and other relevant factors.

Interest Income: Interest income on loans is accrued based upon the principal amount outstanding. If a loan is placed on nonaccrual status, interest previously recognized but uncollected is reversed and charged against current income. Subsequent interest collected on such a loan is credited to principal if, in the opinion of management, collectibility of principal is doubtful; otherwise, the interest collected is recognized as revenue.

Concentration of Credit Risk: The Trust's primary business activity is investing in loans collateralized by mortgages on real estate projects. These loans are principally collateralized by real estate in Florida and California.

The Trust maintains cash balances in a bank that at times, exceeds federal insured limits. The Trust monitors the financial condition of the bank and has experienced no losses associated with this account.

Net Income (Loss) Per Share: Net income (loss) per share is calculated by dividing net income (loss) by the weighted average number of shares of beneficial interest outstanding during the year. Earnings per share, both basic and diluted, are the same.

NOTE A - ORGANIZATION AND ACCOUNTING POLICIES (Continued)

Management Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

NOTE B - MORTGAGE NOTES RECEIVABLE AND COMMITMENTS

Notes receivable from funding mortgage loans are principally collateralized by second mortgage loans on commercial or residential property and are due at various dates, with the latest maturity due in October 2010. Notes receivable bear interest at rates ranging from 9.5% to 15%.

There were no commitments to lend additional funds at December 31, 2003.

NOTE C - BUSINESS COMBINATION

On December 31, 1998, Holly acquired 100% of the outstanding stock of Goldrick, in which Holly issued 75,000 shares of beneficial interest in exchange for 1,000 shares of Goldrick's common stock. The acquisition has been accounted for as a purchase transaction and, accordingly, the fair value of the consideration was allocated to Goldrick's assets and liabilities based on the estimated fair values on the acquisition date. The excess value over the fair value of the net assets acquired was $74,999 and has been recorded as goodwill to be amortized on the straight-line basis over 10 years.

Effective January 1, 2002, the Trust adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*", which established new accounting and reporting requirements for goodwill and other intangible assets. Under SFAS No. 142, goodwill and intangible assets with indefinite useful lives are no longer amortized to expense, but are instead tested for impairment at least annually. The Trust performed its impairment testing for goodwill at January 1, 2002 and determined that the Company's goodwill was impaired by $52,499 and, accordingly, expensed as an impairment charge during the year ended 2002.

NOTE D - DEFICIT INVESTMENT IN PARTNERSHIP

As discussed in Note C, on December 31, 1998, Holly acquired 100% of the outstanding stock of Goldrick. Goldrick is the general partner in Wilco Building Partners, Ltd. ("Wilco") and has a 25.64% interest in the partnership at December 31, 2003. As the general partner, Goldrick exercised significant control over the operations of Wilco and, accordingly, should consolidate the operations of Wilco for financial statements presentation purposes. However, the Trust has elected not to consolidate the operations of Wilco and has elected to account for the investment using the equity method of accounting, including recording a negative investment. At December 31, 2003 and 2002, the Trust had a deficit investment in this partnership of approximately $781,000 and $210,000 respectively.

NOTE E - NOTES PAYABLE

Notes payable consisted of the following:

	December 31,	
	2003	2002
Note payable to an individual, bearing interest at 8%, principal and interest due monthly, maturing September 2004.	$ 41,026	$ -
Note payable to an individual, bearing interest at 8%, principal and interest payments due monthly, maturing September 2004.	30,492	-
Note payable to an individual, bearing interest at 8%, principal and interest payments due monthly. This note matured September 2003 and is unsecured.	-	30,296
Note payable to an individual, bearing interest at 8%, principal and interest payments due monthly. This note matured September 2003 and is unsecured.	-	39,689
	$ 71,518	$ 69,985

NOTE F - LONG-TERM DEBT - AFFILIATE

The Trust has a note payable to an affiliate totaling $230,000 and $400,000 at December 31, 2003 and 2002, respectively. Quarterly interest only payments are payable until maturity during December 2004. This note payable is secured by the Trust's assets. Interest expense related to this affiliate totaled approximately $24,800 and $53,600 for the years ended December 31, 2003 and 2002, respectively.

NOTE G - FEDERAL INCOME TAXES

The Trust operates in such a manner to qualify as a "real estate investment trust" under Sections 856 through 860 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. Under those sections, the Trust will not be taxed on that portion of its qualifying income distributed to shareholders so long as at least 90% of the Trust's otherwise taxable income is distributed to shareholders each year and other requirements of a qualified real estate investment trust are met. The Trust satisfied the income distribution requirement for the periods ended December 31, 2003 and 2002. Management believes that all other requirements of a qualified real estate investment trust have been met.

NOTE H - ADVISORY AGREEMENT AND RELATED PARTY TRANSACTIONS

The Trust is managed and advised by FCHC, whose principal shareholder is a trustee and shareholder of the Trust. An advisory fee is incurred based on approximately 1% of the book value of the assets of the Trust at the end of each fiscal year. The advisory fees for the years ended December 31, 2003 and 2002 were approximately $20,000 and $22,000, respectively.

At December 31, 2003 and 2002, the Trust issued 0 and 1,500, respectively, shares of beneficial interest for services provided by trustees.

During the year 2003, the Trust engaged in six mortgage participation payables with various affiliated business trusts. At December 31, 2003, the Trust had four outstanding mortgage participation payables that totaled $1,137,619 and are included in Mortgage Notes Receivable, net on the Consolidated Balance Sheet. The participations incur interest at rates ranging from 11.5% to 14% (excluding possible contingent interest rates up to 8.5%) and maturity dates ranging from August 2005 to July 2010. Interest on such participations paid to the affiliates amounted to approximately $112,600 for the year ended December 31, 2003.

During the year 2002, the Trust engaged in six mortgage participation payables with various affiliated business trusts. At December 31, 2002, the Trust had three outstanding mortgage participation payables that totaled $1,028,458 and are included in Mortgage Notes Receivable, net on the Consolidated Balance Sheet. The participations incur interest at rates ranging from 9.5% to 17.5% (excluding possible contingent interest rates up to 8.5%) and maturity dates ranging from on demand to January 2005. Interest on such participations paid to the affiliates amounted to approximately $173,300 for the year ended December 31, 2002.

NOTE I - MAJOR LOANS

During the period ended December 31, 2003, the Trust derived approximately 48% of its interest income from three mortgage notes. These notes comprised approximately 55% of the mortgage notes receivable, net of participation at December 31, 2003.

During the year ended December 31, 2002, the Trust derived approximately 44% of its interest income from three mortgage notes. These notes comprised approximately 40% of the mortgage notes receivable, net of participation at December 31, 2002.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
SCHEDULE I - CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2003

ASSETS	Holly Mortgage Trust	A.R. Goldrick Company, Inc.	Elimination Entries	Consolidated Total
MORTGAGE NOTES RECEIVABLE				
Mortgage notes receivable	$ 4,183,682	$ -	$ -	$ 4,183,682
Mortgage participations	(3,507,619)	-	-	(3,507,619)
Allowance for loan losses	(316,063)	-	-	(316,063)
MORTGAGE NOTES RECEIVABLE, net	360,000	-	-	360,000
Cash and cash equivalents	75,260	-	-	75,260
Accrued interest receivable, net	13,702	-	-	13,702
Other assets	-	-	-	-
Advances to affiliate	-	84,000	(84,000)	-
Investment in affiliate	814,362	-	(759,000)	55,362
TOTAL ASSETS	$ 1,263,324	$ 84,000	$ (843,000)	$ 504,324
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
Accrued expenses	$ 136,428	$ 84,000	$ (84,000)	$ 136,428
Deficit investment in partnership	-	780,849	-	780,849
Notes payable	71,518	-	-	71,518
Long-term debt - affiliates	230,000	-	-	230,000
TOTAL LIABILITIES	437,946	864,849	(84,000)	1,218,795
SHAREHOLDERS' EQUITY (DEFICIT)				
Shares of beneficial interest	1,336,119	759,000	(759,000)	1,336,119
Accumulated deficit	(510,741)	(1,539,849)	-	(2,050,590)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	825,378	(780,849)	(759,000)	(714,471)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 1,263,324	$ 84,000	$ (843,000)	$ 504,324

See independent auditors' report.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
SCHEDULE I - CONSOLIDATING BALANCE SHEETS
DECEMBER 31, 2002

ASSETS	Holly Mortgage Trust	A.R. Goldrick Company, Inc.	Elimination Entries	Consolidated Total
MORTGAGE NOTES RECEIVABLE				
Mortgage notes receivable	$ 4,320,707	$ -	$ -	$ 4,320,707
Mortgage participations	(3,607,823)	-	-	(3,607,823)
Allowance for loan losses	(416,063)	-	-	(416,063)
MORTGAGE NOTES RECEIVABLE, net	296,821	-	-	296,821
Cash and cash equivalents	290,227	-	-	290,227
Accrued interest receivable, net	12,646	-	-	12,646
Other assets	5,400	-	-	5,400
Advances to affiliate	-	84,000	(84,000)	-
Investment in affiliate	809,000	-	(759,000)	50,000
Intangible asset subject to amortization, net	-	-	-	-
TOTAL ASSETS	$ 1,414,094	$ 84,000	$ (843,000)	$ 655,094
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)				
Accrued expenses	$ 120,522	$ 84,000	$ (84,000)	$ 120,522
Deficit investment in partnership	-	210,139	-	210,139
Notes payable	69,985	-	-	69,985
Long-term debt - affiliates	400,000	-	-	400,000
TOTAL LIABILITIES	590,507	294,139	(84,000)	800,646
SHAREHOLDERS' EQUITY (DEFICIT)				
Shares of beneficial interest	1,336,119	759,000	(759,000)	1,336,119
Accumulated deficit	(512,532)	(969,139)	-	(1,481,671)
TOTAL SHAREHOLDERS' EQUITY (DEFICIT)	823,587	(210,139)	(759,000)	(145,552)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)	$ 1,414,094	$ 84,000	$ (843,000)	$ 655,094

See independent auditors' report.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
SCHEDULE II - CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

	Holly Mortgage Trust	A.R. Goldrick Company, Inc.	Elimination Entries	Consolidated Total
REVENUES				
Interest income	$ 72,325	$ 30,301	$ -	$ 102,626
Other income	15,000	-	-	15,000
TOTAL REVENUES	87,325	30,301	-	117,626
COSTS AND EXPENSES				
General and administrative	51,391	-	-	51,391
Bad debt expense	13,109	30,301	-	43,410
Interest expense	28,896	-	-	28,896
Goodwill impairment	-	-	-	-
TOTAL COSTS AND EXPENSES	93,396	30,301	-	123,697
INCOME (LOSS) FROM OPERATIONS	(6,071)	-	-	(6,071)
EQUITY IN LOSS ON INVESTMENT IN PARTNERSHIP	7,862	(570,710)	-	(562,848)
NET INCOME (LOSS)	$ 1,791	$ (570,710)	$ -	$ (568,919)

See independent auditors' report.

HOLLY MORTGAGE TRUST AND WHOLLY-OWNED SUBSIDIARY
SCHEDULE II - CONSOLIDATING STATEMENTS OF OPERATIONS
YEAR ENDED DECEMBER 31, 2002

	Holly Mortgage Trust	A.R. Goldrick Company, Inc.	Elimination Entries	Consolidated Total
REVENUES				
Interest income	$ 97,080	$ 51,756	$ -	$ 148,836
Other income	5,974	546	-	6,520
TOTAL REVENUES	103,054	52,302	-	155,356
COSTS AND EXPENSES				
General and administrative	60,530	-	-	60,530
Bad debt expense	511,710	51,756	-	563,466
Interest expense	50,508	-	-	50,508
Goodwill impairment	-	52,499	-	52,499
TOTAL COSTS AND EXPENSES	622,748	104,255	-	727,003
INCOME (LOSS) FROM OPERATIONS	(519,694)	(51,953)	-	(571,647)
EQUITY IN LOSS ON INVESTMENT IN PARTNERSHIP	-	(630,699)	-	(630,699)
NET INCOME (LOSS)	$ (519,694)	$ (682,652)	$ -	$ (1,202,346)

See independent auditors' report.

HOLLY MORTGAGE TRUST
5847 SAN FELIPE, SUITE 850
HOUSTON, TEXAS 77057-3008
(713) 781-2856
(713) 268-6000 (FAX)