

CONDENSED INCOME STATEMENTS
(Cash Basis) (unaudited)

For the Three Months Ended
April 30, 2003

For the Six Months Ended
April 30, 2003

For the Six Months Ended
April 30, 2002

German royalties received.....	\$4,699,755	\$4,504,767	\$9,466,319	\$9,269,851
Interest income.....	7,520	12,551	16,040	36,853
Trust expenses.....	(178,732)	(25,020)	(433,449)	(271,561)
Net income on a cash basis.....	\$4,528,543	\$4,492,298	\$9,048,910	\$9,035,143
Net income per unit on a cash basis.....	\$.51	\$.50	\$ 1.01	\$ 1.01
Dividends and distributions per unit paid to formerly unlocated shareholders.....	\$.00	\$.00	\$.00	\$.00
Cash distributions declared per unit.....	\$.50	\$.50	\$ 1.01	\$ 1.01
Units outstanding.....	8,931,414	8,931,414	8,931,414	8,931,414

This report may contain forward looking statements concerning business, financial performance and financial condition of the Trust, which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated in any forward looking statement. The statements contained herein are based on the Trustees' current beliefs, expectations and assumptions and are subject to a number of risks and uncertainties. Actual results and events may vary significantly from those discussed in the forward looking statements.

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**NORTH EUROPEAN
OIL ROYALTY TRUST**

Managing Trustee

John H. Van Kirk

Trustees

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Samuel M. Eisenstat
Willard B. Taylor
Rosalie J. Wolf

Managing Director

John R. Van Kirk

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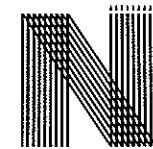
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North European Oil Royalty Trust



REPORT TO OWNERS
for the six months ended April 30, 2003

NORTH EUROPEAN OIL ROYALTY TRUST

Report to Unit Owners:

For the second quarter of fiscal 2003 ended April 30, 2003, the Trust's net royalty income was \$4,528,543, showing a slight increase of \$36,245 over the prior year's period. This royalty income was derived from sales of gas, sulfur and oil from the Trust's overriding royalty areas in Germany during the first calendar quarter of 2003. This level of income allowed a distribution of 50 cents per unit payable on May 28, 2003 to owners of record as of May 16, 2003. For the six month period, the Trust's net royalty income was \$9,048,910 virtually identical to last year's equivalent period. For the six month period ended April 30, 2003 total distributions were equal to \$1.01 per unit.

The amount of royalties paid to the Trust is based on four primary factors: the amount of gas sold, the price of that gas, the area from which the gas is sold and the exchange rate. For the quarter just ended the exchange rate had the most substantial impact on Trust royalties and the resulting distribution of all these factors.

Under the lower percentage royalty rate agreement with BEB, the joint venture between the German subsidiaries of ExxonMobil and the Royal Dutch Group, covering the entire Oldenburg concession gas sales were slightly above gas sales during the second quarter of fiscal 2002. Gas sales increased 0.35% from 52.7 to 52.9 billion cubic feet ("Bcf"). While gas sales were relatively unchanged, the average gas price for gas sold under this agreement showed a significant drop, falling 13.6% from 1.5107 Euro cents per Kilowatt hour ("Ecents/Kwh") in the average for the second quarter of fiscal 2002 to 1.3051 Ecents/Kwh for the quarter just ended. The situation under the higher percentage royalty rate agreement with the German subsidiary of ExxonMobil covering western Oldenburg was reversed with gas prices relatively unchanged but gas sales falling off by a larger margin. Under this agreement gas sales declined 11.6% from 23.0 Bcf for the second quarter of fiscal 2002 to 20.3 Bcf for the quarter just ended. The average

price for gas sold under this agreement was 1.3761 Ecents/Kwh, down just 0.8% from the average price for the second quarter of fiscal 2002 of 1.3878 Ecents/Kwh.

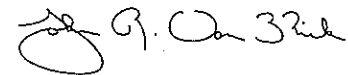
Under the lower percentage royalty rate agreement the average value of the Euro based on the monthly transfer of royalties to the U.S. during the quarter just ended was \$1.0882 an increase of 23.9% from \$0.8783, the average value for the second quarter of fiscal 2002. Under the higher percentage royalty rate agreement the average value of the Euro based on the monthly transfer of royalties to the U.S. for the quarter just ended was \$1.0778 an increase of 22.9% from \$0.8767, the average value for the second quarter of fiscal 2002. Converting the average gas prices using the average exchange rates for the quarter into more familiar terms yields an average gas price under both the lower and higher percentage royalty rate agreements of \$3.98 and \$4.23 per thousand cubic feet, respectively.

REPORT ON DRILLING AND GEOPHYSICAL WORK

The Trust's long time consultant in Germany, Dr. Wolfgang Sohn, passed away in mid March 2003. The Trust has been in contact with a very qualified candidate whom Dr. Sohn had selected as his eventual successor and the negotiations are proceeding. Normally the Trust's consultant provides both a translation and an analysis of the report supplied by the operating companies outlining the drilling and seismic activity completed in 2002 and planned for 2003. With Dr. Sohn's death, the Trust was only able to obtain a translation of the report. Any analysis of the operating companies' drilling and seismic activities will have to wait until Dr. Sohn's successor is confirmed. As in 2002, there is no seismic field work planned for 2003. However, plans are proceeding for 3-D seismic exploration of the Zwischenahn area that was discussed last year at this time. Any seismic work that is contemplat-

ed by the operating companies involves a long lead time as extensive governmental permits are required as well as the necessity of obtaining access to privately held properties to conduct the actual seismic work. Once the seismic work is completed and fully analyzed it is hoped that a series of wells will be drilled in the future to exploit any gas reserves found. The operating companies had completed one well Doetlingen Z-13a during 2002 on which they experienced numerous difficulties. As part of the operating companies' drilling activities a complete "after action" report is being prepared to fully analyze the problems they encountered and explore ways in which such difficulties might be avoided in the future. In addition to the post drilling analysis, pre-drilling planning is proceeding on two additional wells Sage Z-4 and Doetlingen Ost Z-2 with completion expected in 2003. Finally, one well Hemmelte Z-8a is planned for 2003. This well which will be located in the higher percentage royalty rate area of western Oldenburg continues the development of the very productive Hemmelte gas field. Hemmelte Z-8a is a horizontal deviation off an existing well and thus did not require any additional permits. Over the long term the operating companies have had a high rate of success with their horizontal drilling activities and it is hoped that their success will continue with this well. Historically both levels of production and recoverable reserves increase significantly with a successful horizontal deviation.

Respectfully submitted,



John R. Van Kirk
Managing Director

May 14, 2003