

**CONDENSED INCOME STATEMENTS**  
(Cash Basis) (unaudited)

	For the Three Months Ended July 31, 2003	For the Three Months Ended July 31, 2002	For the Nine Months Ended July 31, 2003	For the Nine Months Ended July 31, 2002
German royalties received.....	\$4,536,318	\$4,580,463	\$14,002,637	\$13,850,314
Interest income.....	8,241	11,874	24,281	48,727
Trust expenses.....	(192,422)	(148,634)	(625,871)	(420,195)
Net income on a cash basis.....	\$4,352,137	\$4,443,703	\$13,401,047	\$13,478,846
Net income per unit on a cash basis.....	\$ .49	\$ .50	\$ 1.50	\$ 1.51
Dividends and distributions per unit paid to formerly unlocated shareholders.....	\$ .00	\$ .00	\$ .00	\$ .00
Cash distributions declared per unit.....	\$ .49	\$ .50	\$ 1.50	\$ 1.51
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.

**NRT**  
**LISTED**  
**NYSE**

**NORTH EUROPEAN  
OIL ROYALTY TRUST**

**Managing Trustee**  
John H. Van Kirk

**Trustees**  
Robert P. Adelman,  
Samuel M. Eisenstat  
Willard B. Taylor  
Rosalie J. Wolf

**Managing Director**  
John R. Van Kirk

**Office of the Managing Trustee  
and Managing Director**

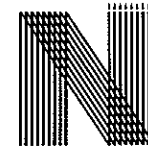
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# North European Oil Royalty Trust



REPORT TO OWNERS  
for the nine months ended July 31, 2003

## NORTH EUROPEAN OIL ROYALTY TRUST

### Report to Unit Owners:

The distribution detailed in this report, covering the Trust's third fiscal quarter ended July 31, 2003, represents your proportionate share of the Trust net income. For the third quarter of fiscal 2003, Trust net income declined by 2.1% to \$4,352,137, which permitted a distribution of 49 cents per unit compared to the distribution of 50 cents for the prior year's period. The current distribution is being paid on August 27, 2003 to holders of record as of August 15, 2003.

For the nine month fiscal period, Trust net income was \$13,401,047, a decline of 0.6% from the prior year's period. Cumulative distributions for the nine month period are \$1.50 per unit compared to \$1.51 paid during the same period last year.

The primary factors affecting royalty revenue for the quarter just ended were the decline in gas sales from the higher royalty rate area of western Oldenburg and the increase in the average dollar value of the Euro over the prior year. While the increase in the exchange rate was substantial, it could not fully offset the impact on royalties caused by the decline in gas sales.

The higher royalty rate agreement between the Trust and the German subsidiary of ExxonMobil covers western Oldenburg and provides the Trust with the bulk of its royalties. Under this agreement average gas prices for the quarter increased 1.6% from the equivalent quarter for the prior year. Gas prices rose from 1.4730 Euro cents per Kilowatt hour ("Ecents/Kwh") to 1.4963 Ecents/Kwh. When we convert this quarter's price into more familiar terms using the average exchange rate for the quarter, the average price for gas sold under this agreement was \$4.96 per Mcf. This represents a 22.9% increase from the

prior year's equivalent quarter. The lower royalty rate agreement between the Trust and BEB, a joint venture between ExxonMobil and the Royal Dutch Group, covers gas sales from the entire Oldenburg concession. Under this agreement average gas prices for the quarter increased 1.5% from the equivalent quarter for the prior year. Gas prices rose from 1.3785 Ecents/Kwh to 1.3995 Ecents/Kwh compared to the prior year's equivalent quarter. When we convert this quarter's price into more familiar terms using the average exchange rate for the quarter, the average price for gas sold under this agreement was \$4.54 per Mcf. This represents a 23.9% increase from the prior year's equivalent quarter.

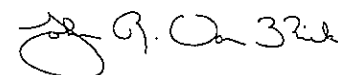
During the quarter just ended overall Oldenburg gas sales decreased by 2.4% from 44.13 Billion cubic feet ("Bcf") to 43.06 Bcf. Gas sales from the higher royalty rate area of western Oldenburg decreased 24.2% from 22.31 Bcf to 16.91 Bcf. At this level, gas sales from western Oldenburg accounted for 39.26% of total Oldenburg gas sales. In prior years the Trust's German consultant, Dr. Wolfgang Sohn, would have determined through inquiries with the operating companies the reasons behind the decline in gas sales. Unfortunately with Dr. Sohn's death in March and the unavailability of his replacement until October, the Trust does not have access to the contacts who could provide specific information with respect to the decline. It is possible that, as in prior years, at least part of the decline occurred as a result of the annual maintenance procedures being conducted at the Grossenkneten desulfurization plant during the quarter just ended. At this time, however, we cannot state this fact with any certainty.

During the quarter just ended the Euro continued its strong performance. A number of factors including extremely low interest rates in

the United States and continuing uncertainty following the war in Iraq combined to push the Euro close to the highs posted shortly after its introduction in 1999. At a dollar equivalent of \$1.1586 in average for the quarter based on all royalties transferred to the United States, the Euro increased by 7.2% from the immediately preceding quarter's average of \$1.0806 and by 19.7% from the average of \$0.9680 for the third quarter of fiscal 2002. This higher exchange rate had the immediate impact of increasing the amount of dollars received by the Trust when the royalties, paid in Euros, were transferred to the United States.

If we discount the effects of differences in prices and average exchange rates, the combination of royalty rates on gas sold from western Oldenburg results in an effective royalty rate approximately seven times higher than the royalty rate on gas sold from eastern Oldenburg. This is of particular significance to the Trust since gas sold from western Oldenburg provides the bulk of royalties paid to the Trust. For the quarter just ended gas sales from western Oldenburg accounted for only 39.26% of all gas sales. However, royalties on these gas sales provided 84.6% or \$3,824,740 out of a total of \$4,519,286 in Oldenburg royalties. The impact on royalties of the decline in gas sales is highlighted when viewed in comparison to the prior year when gas sales from western Oldenburg accounted for 50.55% of total Oldenburg gas sales but 90.1% of the total Oldenburg royalties.

Respectfully submitted,



John R. Van Kirk  
Managing Director

August 8, 2003