

Registered no: 04509708

Coltec Finance Company Limited
Annual Report
For the sixteen months ended 31 December 2003



Coltec Finance Company Limited

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Directors' report

Directors' report for the sixteen months ended 31 December 2003

The directors present their report and the audited financial statements of the company for the sixteen months ended 31 December 2003.

Principal activities

The company's principal activity during the period was the global management of cash for affiliates of the company, all of whom have the same ultimate parent undertaking, EnPro Industries, Inc. in the United States. This includes a multilateral netting program, which was launched in December 2002 to simplify the settlement of inter-company transactions between affiliates of the company, and a European cross-border cash pooling program, which was launched in January 2003 to concentrate funds to provide better investment returns, to reduce the need for individual affiliates of the company to borrow from financial institutions, to increase visibility and to control cash reserves.

Review of business and future developments

It is expected that the netting program and the cash pooling program will continue to be the primary focus of the company in the foreseeable future.

Results

The company's loss for the financial period is £120,473. There were no dividends paid or proposed during the period.

Directors and their interests

The directors who held office during the period are shown below:

Robert D. Rehley

William Dries

Jason Sedgewick (resigned 19 January 2003)

Ingleby Holdings Ltd (resigned 24 September 2002)

Details of secretaries during the period are set out in note 5 to the financial statements.

As permitted by the Companies (Disclosure of Directors' Interests) (Exceptions) Regulations 1985, the company has not disclosed directors' interests in shares of the ultimate parent undertaking, EnPro Industries Inc. as the company is a wholly owned subsidiary of EnPro Industries Inc., a company which is incorporated outside Great Britain.

No director had an interest in the share capital of the company during the period.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements, for each financial year, that give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

Directors' report (continued)

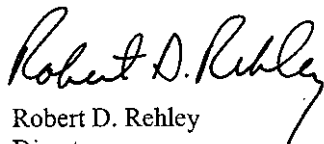
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the sixteen months ended 31 December 2003 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'Robert D. Rehley', is written over the printed name and title.

Robert D. Rehley
Director

29 September 2004

Independent auditors' report to the members of Coltec Finance Company Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

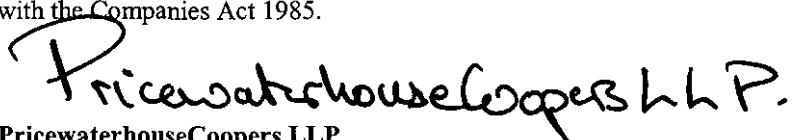
Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 December 2003 and of the loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Leeds

7 October 2004.

Profit and loss account for the sixteen months ended 31 December 2003**Continuing operations**

	Note	2003 £
Interest receivable and similar income	6	323,217
Interest payable and similar charges	7	(313,362)
Other finance charges		(80,328)
Loss on ordinary activities before taxation		(70,473)
Tax on loss on ordinary activities	11	(50,000)
Retained loss for the financial period	13	(120,473)

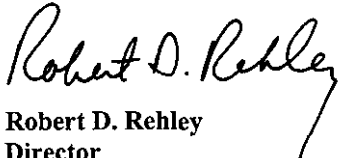
The company has no recognised gains and losses other than those included in the retained loss above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above and their historical cost equivalents.

Balance sheet as of 31 December 2003

	Note	£	2003 £
Current assets			
Debtors	8	199,868	
Investments	9	20,785,525	
Cash at bank and in hand		237,833	21,223,226
Creditors – Amounts falling due within one year	10		(21,343,599)
Net current liabilities			(120,373)
Net liabilities			(120,373)
 Capital and reserves			
Called up share capital	12		100
Profit and loss account	13		(120,473)
Total shareholders' deficit	14		(120,373)

The financial statements on pages 4 to 9 were approved by the board of directors on 29 September 2004 and were signed on its behalf by:


Robert D. Rehley
Director

Notes to the financial statements for the sixteen months ended 31 December 2003

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention. The principal accounting policies are set out below.

Foreign currency translation

All monetary assets and liabilities denominated in a foreign currency are translated using the closing rate and all profit and loss account items are translated at the rate of exchange ruling at the date of the transaction. The exchange profit is reported as part of the loss for the year from ordinary activities.

Financial Support

The ultimate parent undertaking, EnPro Industries, Inc., will not seek repayment of the intercompany payable due from CFCL unless CFCL has sufficient working capital to enable it to keep trading.

2 Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Coltec Industries, Inc. which is a wholly-owned subsidiary of EnPro Industries, Inc. and is included in the consolidated financial statements of EnPro Industries, Inc., which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the EnPro Industries, Inc. group or investees of the EnPro Industries group. There are no other related party transactions.

3 Segmental reporting

The company's activities consist solely of the global management of cash.

4 Loss before tax

The loss before tax for the period was stated after charging net foreign exchange gains of £8,985.

Auditors remuneration of £7,000 for audit services will be paid by the ultimate parent undertaking, EnPro Industries, Inc.

5 Employee information

The company has no employees working within the UK. Most of the day-to-day activity is outsourced, with various cash management and accounting functions handled by employees of the ultimate parent undertaking, EnPro Industries, Inc. The costs associated with those employees are absorbed by the ultimate parent undertaking.

Mr. Robert McKinney and Ms. Norma Schenk are both secretaries of the company. Ingleby Nominees Ltd. resigned as secretary on 24 September 2002.

Coltec Finance Company Limited

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6 Interest receivable and similar income**for the sixteen months ended 31 December 2003**

	£
Short-term investments interest receivable	322,124
Bank interest receivable	1,093
	323,217

7 Interest payable and similar charges**for the sixteen months ended 31 December 2003**

	£
Interest payable on amounts due to group undertakings	313,362

8 Debtors**31 December 2003**

	£
Amounts due from group undertakings	199,868

9 Current asset investments**31 December 2003**

	£
Cash reserve funds	14,643,490
Overnight time deposits	6,142,035
	20,785,525

The market value of the investments is not materially different from their carrying amount.

10 Creditors – Amounts falling due within one year**31 December 2003**

£

Amounts due to group undertakings	21,290,753
Taxation and social security	50,000
Other creditors	2,846
	21,343,599

Amounts due to group undertakings are unsecured, interest bearing and repayable on demand.

11 Taxation on the loss for the year**sixteen months ended 31 December 2003**

£

Current tax:	
UK corporation tax on loss of the period	50,000
Total current tax charge	50,000

The tax assessed for the year differs from the standard rate of corporation tax for the company of 30%. The differences are explained below:

Loss on ordinary activities before taxation	(70,473)
Loss on ordinary activities multiplied by standard rate of corporation tax for the company	(21,142)

Effects of:

Permanent differences	71,142
Total current tax charge	50,000

12 Called up share capital**31 December 2003****£**

Authorised, allotted and fully paid	100
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During the period 100 £1 ordinary shares were issued for cash consideration of £100.

13 Reserves**Profit and loss account****£**

1 September 2002	-
Loss for the sixteen months ended 31 December 2003	(120,473)
31 December 2003	(120,473)

14 Reconciliation of movements in shareholders' deficit**for the sixteen months ended 31 December 2003****Profit and loss account****£**

Proceeds from issue of ordinary shares	100
Loss for the period	(120,473)
Opening shareholders funds	0
Closing shareholders funds	(120,373)

15 Ultimate parent undertaking

The immediate and ultimate parent undertaking and controlling party is EnPro Industries, Inc., which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of EnPro Industries, Inc. consolidated financial statements can be obtained by visiting our website, www.enproindustries.com, or by calling +1 704-731-1522.