

Registered no: 04509708

Coltec Finance Company Limited
Annual Report
For the year ended 31 December 2004



Coltec Finance Company Limited

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Directors' report

Directors' report for the year ended 31 December 2004

The directors present their report and the audited financial statements of the company for the year ended 31 December 2004.

Principal activities

The company's principal activity during the year 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. The global management of cash 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 profit for the financial year is £38,901 (2003 loss: £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

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

The above directors' interests in the ultimate parent company are shown in the financial statements of that company.

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

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 year. 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)

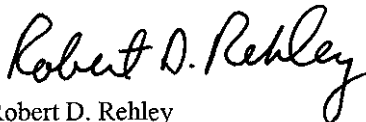
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have 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



Robert D. Rehley
Director

28 October 2005

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 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Leeds

31 October 2005

Profit and loss accounts for the year ended 31 December 2004 and the sixteen months ended 31 December 2003

	Note	2004	2003
		£	£
Interest receivable and similar income	6	374,479	323,217
Interest payable and similar charges	7	(158,199)	(313,362)
Other finance charges		(117,379)	(80,328)
Profit/(loss) on ordinary activities before taxation		98,901	(70,473)
Tax on profit/(loss) on ordinary activities	11	(60,000)	(50,000)
Retained profit/(loss) for the financial period	13	38,901	(120,473)

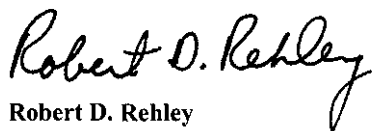
The company has no recognised gains and losses other than those included in the retained profit above, and therefore no separate statement of total recognised gains and losses has been presented.

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

Balance sheets as of 31 December 2004 and 2003

	Note	£	2004 £	£	2003 £
Current assets					
Debtors	8	7,969,019		199,868	
Investments	9	16,709,858		20,785,525	
Cash at bank and in hand		432,671	25,111,548	237,833	21,223,226
Creditors – Amounts falling due within one year	10		(25,193,020)		(21,343,599)
Net current liabilities			(81,472)		(120,373)
Net liabilities			(81,472)		(120,373)
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		(81,572)		(120,473)
Total shareholders' deficit	14		(81,472)		(120,373)

The financial statements on pages 4 to 9 were approved by the board of directors on 28 October 2005 and were signed on its behalf by:


 Robert D. Rehley
 Director

Notes to the financial statements for the year ended 31 December 2004

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 loss is reported as part of the profit 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 Profit before tax

The profit before tax for the period was stated after charging net foreign exchange loss of £28,521.

Auditors remuneration of £22,100 for audit services will be paid by the ultimate parent undertaking, EnPro Industries, Inc. and was included in the profit before tax.

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.

6 Interest receivable and similar income

	For the year ended 31 December 2004 £	Sixteen months ended 31 December 2003 £
Short-term investments interest receivable	374,479	322,124
Bank interest receivable	-	1,093
	374,479	323,217

7 Interest payable and similar charges

	For the year ended 31 December 2004 £	Sixteen months ended 31 December 2003 £
Interest payable on amounts due to group undertakings	156,714	313,362
Bank interest payable	1,485	-
	158,199	313,362

8 Debtors

	31 December 2004 £	31 December 2003 £
Amounts due from group undertakings	7,969,019	199,868

9 Current asset investments

	31 December 2004 £	31 December 2003 £
Cash reserve funds	10,372,972	14,643,490
Overnight time deposits	6,336,886	6,142,035
	16,709,858	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 2004	31 December 2003
	£	£
Amounts due to group undertakings	25,039,325	21,290,753
Taxation and social security	110,000	50,000
Other creditors	43,695	2,846
	25,193,020	21,343,599

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

11 Taxation on the profit/loss for the year

	For the year ended 31 December 2004	Sixteen months ended 31 December 2003
	£	£
Current tax:		
UK corporation tax on profit/loss for the period	60,000	50,000
Total current tax charge	(60,000)	(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:

Profit / (loss) on ordinary activities before taxation	98,901	(70,473)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax	29,670	(21,142)

Effects of:

Permanent differences	30,330	71,142
Total current tax charge	60,000	50,000

12 Called up share capital

	31 December 2004	31 December 2003
	£	£
Authorised, allotted and fully paid	100	100

13 Reserves

	Profit and loss account £
1 January 2004	(120,473)
Profit for the year ended 31 December 2004	38,901
31 December 2004	(81,572)

14 Reconciliation of movements in shareholders' deficit

for the year ended 31 December 2004

	Profit and loss account £
Ordinary shares	100
Profit for the period	38,901
Opening shareholders funds	(120,373)
Closing shareholders funds	(81,472)

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.