

Registered no: 04509708

Coltec Finance Company Limited

Annual report
For the year ended 31 December 2005



Coltec Finance Company Limited

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Coltec Finance Company Limited

Directors and advisers

Directors

Robert D Rehley

William Dries

Wayne Byrne (appointed 22 April 2005)

Secretaries

Robert McKinney

Norma Schenk

Registered Office

55 Colmore Row

Birmingham

West Midlands

B3 2AS

Auditors

PricewaterhouseCoopers LLP

Benson House

33 Wellington Street

Leeds

LS1 4JP

Solicitors

Ward Hadaway Solicitors

Sandgate House

102 Quayside

Newcastle Upon Tyne

NE1 3DX

Bankers

Bank of America

Harcourt Building

Harcourt Street

Dublin 2

Ireland

Coltec Finance Company Limited

Directors' report for the year ended 31 December 2005

The directors present their report and the audited financial statements of the company for the year ended 31 December 2005.

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 £288,872 (2004: £38,901). There were no dividends paid or proposed during the year (2004: £nil).

Directors and their interests

The directors who held office during the whole of the year and at the date of this report are shown below:

Robert D. Rehley

William Dries

Wayne Byrne (appointed 22 April 2005)

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 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.

Coltec Finance Company Limited

Directors' report for the year ended 31 December 2005 (continued)

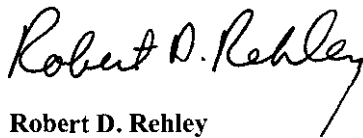
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have 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
27 October 2006

Coltec Finance Company Limited

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

We have audited the financial statements of Coltec Finance Company Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 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 2006

Coltec Finance Company Limited

Profit and loss account for the year ended 31 December 2005

	Note	2005 £	2004 £
Continuing operations			
Interest receivable and similar income	6	1,138,875	374,479
Interest payable and similar charges	7	(519,486)	(158,199)
Other finance charges		(207,331)	(117,379)
Profit on ordinary activities before taxation		412,058	98,901
Tax on profit on ordinary activities	11	(123,186)	(60,000)
Retained profit for the financial year	13	288,872	38,901

The group 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.

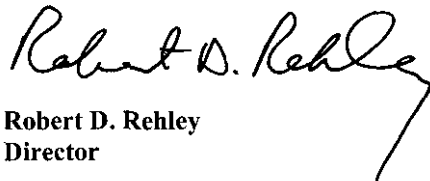
There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

Coltec Finance Company Limited

Balance sheet as at 31 December 2005

	Note	2005 £	2004 £
Current assets			
Debtors	8	19,152,911	7,969,019
Current asset investments	9	4,775,540	16,709,858
Cash at bank and in hand		576,442	432,671
		24,504,893	25,111,548
Creditors – Amounts falling due within one year	10	(24,297,493)	(25,193,020)
Net current assets/(liabilities)		207,400	(81,472)
Net assets/(liabilities)		207,400	(81,472)
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	13	207,300	(81,572)
Equity shareholders' funds/(deficit)	14	207,400	(81,472)

The financial statements on pages 4 to 9 were approved by the board of directors on 27 October 2006 and were signed on its behalf by:


Robert D. Rehley
 Director

Coltec Finance Company Limited

Notes to the financial statements for the year ended 31 December 2005

1 Accounting policies

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. 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 gain or loss is reported as part of the profit for the year from ordinary activities.

Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

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 year was stated after charging a net foreign exchange loss of £105,480 (2004 £28,521).

Auditors' remuneration of £12,914 (2004: £22,100) for audit services will be paid by the ultimate parent undertaking, EnPro Industries, Inc. and was included in the profit before tax.

Coltec Finance Company Limited

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.

The directors received no emoluments in either year for the services to the company.

Mr. Robert McKinney and Ms. Norma Schenk are both secretaries of the company.

6 Interest receivable and similar income

	2005	2004
	£	£
Short-term investments interest receivable	224,380	374,479
Interest receivable on amounts due from group undertakings	914,495	-
	1,138,875	374,479

7 Interest payable and similar charges

	2005	2004
	£	£
Interest payable on amounts due to group undertakings	510,661	156,714
Bank interest payable	8,825	1,485
	519,486	158,199

8 Debtors

	2005	2004
	£	£
Amounts due from group undertakings	19,053,306	7,969,019
Taxation	91,768	-
Other debtors	7,837	-
	19,152,911	7,969,019

Coltec Finance Company Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

9 Current asset investments

	2005	2004
	£	£
Cash reserve funds	3,488,757	10,372,972
Overnight time deposits	1,286,783	6,336,886
	4,775,540	16,709,858

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

10 Creditors – Amounts falling due within one year

	2005	2004
	£	£
Amounts due to group undertakings	23,547,065	25,039,325
Taxation and social security	223,993	110,000
Other creditors	526,435	43,695
	24,297,493	25,193,020

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

Coltec Finance Company Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

11 Taxation on the profit for the year

	2005	2004
	£	£
Current tax:		
UK corporation tax on profit of the period	123,186	60,000
Total current tax charge	123,186	(60,000)

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 on ordinary activities before taxation	412,058	98,901
Profit on ordinary activities multiplied by standard rate of corporation tax for the company	123,617	29,670
Effects of:		
Permanent differences	(431)	30,330
Total current tax charge	123,186	60,000

12 Called up share capital

	2005	2004
	£	£
Authorised, allotted and fully paid	100	100

13 Reserves

	Profit and loss account
	£
1 January 2005	(81,572)
Profit for the year ended 31 December 2005	288,872
31 December 2005	207,300

Coltec Finance Company Limited

Notes to the financial statements for the year ended 31 December 2005 (continued)

14 Reconciliation of movements in equity shareholders' funds/ (deficit)

	£
Profit for the year	288,872
Opening equity shareholders' deficit	(81,472)
Closing equity shareholders' funds	207,400

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.