EXHIBIT D
TO
DISCLOSURE STATEMENT WITH RESPECT TO DEBTOR'S PLAN OF REORGANIZATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

FORM 10-Q FOR THE DEBTOR FOR FISCAL QUARTERS ENDED MARCH 31, 2004, JUNE 30, 2004 AND SEPTEMBER 30, 2004

AMERICAN BANKNOTE CORP (ABNT)

410 PARK AVENUE
NEW YORK, NY 10022-4407
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10-Q

AMERICAN BANKNOTE CORPORATION
Filed on 05/17/2004 - Period: 03/31/2004
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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _________ TO _________

COMMISSION FILE NUMBER 1-3410

AMERICAN BANKNOTE CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	13-0460520 (I.R.S. EMPLOYER IDENTIFICATION NO.)
560 SYLVAN AVENUE ENGLEWOOD CLIFFS, NEW JERSEY (ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	07632-3119 (ZIP CODE)

(201) 568-4400
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT (1) HAS FILED ALL REPORTS REQUIRED TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT WAS REQUIRED TO FILE SUCH REPORTS) AND (2) HAS BEEN SUBJECT TO SUCH FILING FOR THE PAST 90 DAYS. YES X NO __

INDICATE BY CHECK MARK WHETHER THE REGISTRANT IS AN ACCELERATED FILER (AS DEFINED IN RULE 12B-2 OF THE EXCHANGE ACT). YES X NO__

INDICATE BY A CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL DOCUMENTS AND REPORTS REQUIRED TO BE FILED BY SECTION 12, 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 SUBSEQUENT TO THE DISTRIBUTION OF SECURITIES UNDER A PLAN CONFIRMED BY A COURT. YES X NO__

AS OF MAY 17, 2004, 11,770,815 SHARES OF THE REGISTRANT'S COMMON STOCK, PAR VALUE $.01 PER SHARE, WERE OUTSTANDING.

AMERICAN BANKNOTE CORPORATION

FORM 10-Q

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands)

	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 8,510	$ 9,018
Accounts receivable, net of allowance for doubtful accounts $1,180 and $1,096	19,138	19,414
Inventories, net of allowances of $158 and $314	15,373	16,664
Prepaid expenses and other	4,351	3,427
Deferred tax assets of subsidiaries	2,639	2,244
Total current assets	50,011	50,767
Property, plant and equipment		
Land	2,071	2,179
Buildings and improvements	6,443	7,811
Machinery, equipment and fixtures	84,386	82,632
Construction in progress	363	34
	93,263	92,656
Accumulated depreciation and amortization	(49,381)	(48,028)
	43,882	44,628
Other assets	1,429	1,802
Investment in non-consolidated subsidiaries	7,389	(48,527)
Goodwill	71,737	72,121
Total assets	$ 174,448	$ 120,791

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET
(Dollars in thousands, except share data)

	March 31, 2004 (unaudited)	December 31, 2003
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current portion of long-term debt	$ 102,631	$ 29
Revolving facilities of subsidiaries	659	1,393
Accounts payable and accrued expenses	24,528	26,754
Total current liabilities	127,818	28,176
Long-term debt	648	100,667
Other long-term liabilities	12,980	13,012
Deferred taxes	2,173	2,196
Minority interest	23,817	24,217
Total liabilities	167,436	168,268
Commitments and Contingencies		
Stockholders' equity (deficit)		
Common Stock, par value $.01 per share, authorized 20,000,000 shares; issued 11,828,571 shares	118	118
Capital surplus	20,893	20,893
Retained (deficit)	(30,942)	(86,013)
Treasury stock, at cost 57,756 shares	(103)	(103)
Accumulated other comprehensive income	17,046	17,628
Total stockholders' equity (deficit)	7,012	(47,477)
	$ 174,448	$ 120,791

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED
(Dollars in thousands, except per share data)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
CONTINUING OPERATIONS		
Sales	$ 38,896	$ 30,713
Costs and expenses		
Cost of goods sold	27,712	23,736
Selling and administrative	5,620	4,913
Restructuring	--	366
Depreciation and amortization	2,943	2,333
	36,275	31,348
	2,621	(635)
Other expense (income)		
Interest expense	2,709	2,514
Gain on senior note repurchase	--	(2,013)
Other, net	(1,002)	249
	1,707	750
Income (Loss) before reorganization items, taxes on income and minority interest	914	(1,385)
Reorganization costs	--	43
Income (loss) before taxes on income and minority interest	914	(1,428)
Taxes on income	1,358	782
Loss before minority interest	(444)	(2,210)
Minority interest	437	100
Loss from continuing operations	(881)	(2,310)
DISCONTINUED OPERATIONS		
Loss from discontinued operations	$ (961)	$ (345)
Gain on disposal of discontinued operations	56,913	--
	55,952	(345)
Net income (loss)	$ 55,071	$ (2,655)
Net income (loss) per common share - Basic and Diluted		
Continuing operations	$ (0.07)	$ (0.20)
Discontinued operations	4.75	(0.03)
Net income (loss)	$ 4.68	$ (0.23)

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME - UNAUDITED
(Dollars in thousands)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net income (loss)	$ 55,071	$ (2,655)
Foreign currency translation adjustment	(582)	4,026
Comprehensive income	$ 54,489	$ 1,371

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(Dollars in thousands)

	Three Months Ended March 31, 2004	Three Months Ended March 31, 2003
Net cash provided by operating activities	$ 2,359	$ 575
Investing Activities		
Capital expenditures	(2,718)	(419)
Proceeds from sale of assets	1,271	4
Disposition of LM's operating cash	(83)	(97)
Net cash used in investing activities	(1,530)	(512)
Financing Activities		
Revolving facilities, net	(721)	(126)
Proceeds (Repayments) of long-term debt, net	(6)	(14)
Repurchase of senior notes	--	(2,017)
Dividend to minority shareholder	(675)	(268)
Net cash used in financing activities	(1,402)	(2,425)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(18)	144
Decrease in cash and cash equivalents	(591)	(2,218)
Cash and cash equivalents - beginning of year	9,101	10,769
Cash and cash equivalents - end of period	$ 8,510	$ 8,551
Supplemental disclosures of cash flow information		
Taxes	$ 1,669	$ 900
Interest	69	700
Reorganization items	580	200

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
AND COMPREHENSIVE INCOME - UNAUDITED
THREE MONTHS ENDED MARCH 31, 2004
(Dollars in thousands)

	Common Stock	Capital Surplus	Retained Deficit	Treasury Stock	Accumulated Other Compre-hensive Income	Total Equity
Balance - January 1, 2004	$ 118	$ 20,893	$(86,013)	$ (103)	$ 17,628	$(47,477)
Net Income			55,071			55,071
Currency Translation Adjustments					(582)	(582)
Balance March 31, 2004	$ 118	$ 20,893	$(30,942)	$ (103)	$ 17,046	$ 7,012

See Notes to Consolidated Financial Statements

NOTE A - Basis of presentation

American Banknote Corporation is a holding company. All references to the "Parent" are meant to identify the legal entity American Banknote Corporation on a stand-alone basis. All references to the "Company" are to the Parent and all of its subsidiaries, as a group.

The Parent's principal subsidiaries are: American Bank Note Company ("ABN"), a US operating subsidiary, American Bank Note, Ltda. ("ABNB"), a 77.5% owned Brazilian company, CPS Technologies, S.A. ("CPS"), a French company, and Transtex S.A. ("Transtex"), an Argentine company.

On April 7, 2004, the Parent exited as the 90% major shareholder of its former Australian subsidiary, ABN Australasia Limited (trading as the Leigh Mardon Group ("LM") by entering into a series of agreements with LM and the members of LM's Senior lending syndicate, ("the Banking Syndicate"). This has been recorded as a discontinued operation of a segment of the Company's business. See Note G for further information.

The financial information as of March 31, 2004 and for the three-month periods ended March 31, 2004 and 2003 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial position, results of operations and cash flows for each period presented have been made on a consistent basis. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2003. Operating results for the three months ended March 31, 2004 may not be indicative of the results that may be expected for the full year.

In December 1999, the Parent (but none of its subsidiaries) filed a petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code (the "Chapter 11 Proceeding"). On August 22, 2002, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the Parent's Fourth Amended Plan of Reorganization (the "Plan") in the Chapter 11 Proceeding. On October 1, 2002 (the "Effective Date"), all conditions required for the effectiveness of the Plan were achieved and the Plan became effective.

The Company has significant operations in Brazil, Argentina and France. On a consolidated basis, these operations experienced significant foreign exchange rate fluctuations against the US Dollar in 2003. Foreign exchange rate fluctuations on a comparative basis continued to exist in the first quarter of 2004 when compared to the same period in 2003.

Over the past year, the Brazilian Real and the Argentine Peso have each improved overall, despite the significant volatility and fluctuations which have historically plagued both countries' currencies. For the first quarter ended March 31, 2004 when compared to the first quarter ended March 31, 2003, the Brazilian and Argentine currencies experienced an average exchange rate appreciation of approximately 21% and 9%, respectively. The Euro currency experienced an average appreciation of approximately 17% during the same period.

Nevertheless, historically, and to date, the Brazilian Real has experienced tremendous volatility against the US Dollar. The average exchange rate for the three months ended March 31, 2004 was R$2.90 to the US Dollar. As of May 11, 2004, the Real had weakened to R$3.14 to the US Dollar. Despite its significant improvement in 2003, the Real continues to experience exchange rate volatility, as the average exchange rate devaluation for the twelve months ended December 31, 2003 was 5% against the US Dollar when compared to the prior year. Given its historic volatility there is no guarantee that the Real will either improve or stabilize at any certain level against the US Dollar.

ABNB is the largest subsidiary, historically contributing approximately half of the revenues, operating profit and cash flow of the consolidated group which can be expected to grow with the deconsolidation of LM. The Real's overall devaluation over the past two years has severely impacted ABNB's cash flow in US Dollar terms, and has therefore threatened its ability to pay dividends to the Parent at the same levels as in the past. Based on current estimates, it is anticipated that dividends from ABNB (along with those of other subsidiaries) will be sufficient to fund the Parent's operating expense in the foreseeable future. There can be no assurance, however, that further devaluation of the Real or other business developments will not lead to a contrary result.

In Argentina, the unsettled political and economic environment continues to negatively impact the carrying value of Transtex, and any further deterioration in the business may impact its ability to continue as a going concern. Despite the economic environment in Argentina and the abandonment of its Peso-Dollar currency peg system which has allowed the currency to float freely on currency markets, Transtex has generated positive operating income and cash flow for the first quarters of 2004 and 2003 as well as all of 2003. While throughout 2002, the Argentine government imposed a moratorium on dividend repatriations outside the country, the government, in 2003, lifted this ban, and as a result, the Parent was able to receive a $0.3 million dividend from Transtex in March 2003. However, there can be no assurance that the ability to repatriate dividends freely out of the country will continue on a consistent basis.

NOTE B - EARNINGS PER SHARE COMPUTATIONS

Amounts used in the calculation of basic and diluted per share amounts for the quarter ended March 31, 2004 and 2003 were as follows:

	Three Months Ended March 31, 2004	March 31, 2003
Numerator for loss from continuing operations	$ (881)	$ (2,310)
Numerator for income from discontinued operations	$ 55,952	$ (345)
Denominator for per share computations		
Weighted average number of shares outstanding (in thousands):		
Common Stock	11,771	11,771

In 2004, income from discontinued operations represents the non-cash gain resulting from the disposition of the Company's Australian subsidiary LM in April 2004 and LM's loss from operations for the first quarter ended 2004, while in 2003, it represents the loss from LM's results of operation for the first quarter of 2003. (See Note G for further information.)

The denominator for computing diluted income per share excludes certain warrants, equity options and management incentive options issued in accordance with the Plan, as the exercise prices of such warrants and options were greater than the market price of the common shares.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

SFAS 150 - In May 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 150 (SFAS 150), Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150 in the third quarter of 2003 did not have a material impact on the Company's results of operations or financial position.

SFAS 132(R) - In December 2003, the FASB issued SFAS 132(R), Employers' Disclosures about Pensions and Other Postretirement Benefits. The provisions of this Statement do not change the measurement and recognition provisions of SFAS 87, Employers' Accounting for Pensions, SFAS 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and SFAS 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. SFAS 132(R) replaces SFAS 132 and adds disclosures of plan assets by category, investment policies and strategies for these categories, estimated future benefit payments and contributions and improves quarterly disclosures. This statement is effective for financial statements with fiscal years ending after December 15, 2003, except for the disclosure of estimated future benefit payments which is effective for fiscal years ending after June 15, 2004. The interim-period disclosures required by this statement are effective for interim periods beginning after December 15, 2003. The Company adopted the provisions of this statement in 2003.

FIN 46 - In January 2003, the FASB issued FASB Interpretation (FIN) No. 46, Consolidation of Variable Interest Entities (revised December 2003), an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 requires variable interest entities (VIEs) to be consolidated by the primary beneficiary of the entity. VIEs are entities that lack sufficient equity to finance its activities without additional subordinated financial support or whose equity investors do not have the characteristics of a controlling financial interest. All VIEs, with which the Company is involved, must be evaluated to determine the primary beneficiary of the risks and rewards of the VIE. The provisions of FIN 46 must be applied to all entities subject to this Interpretation in the first quarter of 2004. However, prior to the required application of this Interpretation, FIN 46 must be applied to those entities that are considered to be special-purpose entities no later than as of the end of the first reporting period that ends after December 15, 2003. The adoption of FIN 46 does not have a material effect on the Company's results of operations or financial position.

FIN 45 - In November 2002, the FASB issued FIN 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 is principally a clarification and elaboration of SFAS No. 5, Accounting for Contingencies under which companies were required to recognize a liability when it became likely that the company would have to honor its guarantee. FIN 45 adds disclosures required by the guarantor about its obligations under guarantees it has issued. The disclosure requirements in FIN 45 are effective for annual and interim periods ending after December 15, 2002. It also requires a guarantor to recognize a liability for certain guarantees, at the inception of a guarantee, for the fair value of the obligations it has assumed, even if it is not probable that payments will be required. The initial recognition and measurement provisions of FIN 45 are required only on a prospective basis for guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Company's financial position or results of operations.

SAB 104 - In December 2003, the Staff of the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 104 (SAB 104), "Revenue Recognition" which supersedes SAB 101, "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple-element revenue arrangements and to rescind the SEC's "Revenue Recognition in Financial Statements Frequently Asked Questions and Answers" (FAQ) issued with SAB 101. Selected portions of the FAQ have been incorporated into SAB 104. The adoption of SAB 104 did not have a material impact on the Company's revenue recognition policies.

Note D - Inventories (Dollars in thousands) consisted of the following:

	March 31, 2004	December 31, 2003
Finished goods	$ 195	$ 7
Work-in-progress	7,043	8,934
Raw materials and supplies (net of allowances of $158 and $314, respectively)	8,135	7,723
	$15,373	$16,664

Inventories are stated at the lower of cost or market with cost being determined either on the first-in-first-out or average cost method.

NOTE E - RESTRUCTURING

In the first quarter of 2003, in light of the significant contraction in stock and bond and food coupon volume reductions, ABN consolidated its Philadelphia operations into its Tennessee operation, thereby placing all of ABN's manufacturing operations within a single location, resulting in the termination of approximately 50 employees. Accordingly, ABN recorded a one-time restructuring charge of $0.4 million in the first quarter of 2003 related primarily to employee terminations. One-time costs related to plant wind down and equipment relocation were funded through internal cash flow and expensed as incurred and have been included in cost of goods sold in accordance with SFAS 146. It is contemplated that the total costs resulting from this restructuring will be recovered within one year from its execution. Additionally, in the third quarter of 2003, ABN consolidated its two secure satellite storage and distribution facilities into a single facility.

NOTE F - Long-term debt

Long-term debt at March 31, 2004 of $103.3 million consists of $102.6 million of the Parent's Senior Notes due January 31, 2005 which is classified as current on the balance sheet, and $0.7 million of mortgage indebtedness secured by properties owned by ABN.

NOTE G - DISCONTINUED OPERATIONS

On April 6, 2004, the Parent entered into a series of agreements with LM, the subsidiary's Banking Syndicate and with a newly-formed company owned by the members of the Banking Syndicate, for the purpose of restructuring LM and to enable the Company to exit as the major shareholder of LM.

Under the terms of the Agreement, LM's capital structure was reorganized such that the Banking Syndicate forgave approximately $47.4 million of LM's $64.7 million of total senior bank debt (inclusive of LM's working capital facility). In exchange, the Parent relinquished its 90% controlling equity stake in LM for approximately (i) 11% of approximately $20 million face amount of newly-issued preference stock and (ii) "deferred common equity" of up to 40% of LM, which will be issued in stages if and when the restructured senior bank debt and the preference stock of reorganized LM is fully repaid and redeemed, respectively. The Company has not ascribed a value to the common equity because events that define its issuance are uncertain and may not occur.

This exchange resulted in a non-cash gain from discontinued operations of $56.0 million to the Company as a result of the Company relinquishing its controlling equity interest in exchange for (i) the net discharge of the Company's carrying value of LM's equity deficit, which was approximately $53.9 million at March 31, 2004 which included a $1.0 million loss from operations for the first quarter of 2004 plus (ii) the value of the newly-issued preference shares received by the Company, which is estimated to be approximately $2.1 million.

As a result of this transaction, effective January 1, 2004, the Company recorded the gain on the disposition of LM as a discontinued operation and reflected the results of operations for the first quarter of 2004 of $1.0 million as a component of discontinued operations. Furthermore, the results of operations of LM for the first quarter of 2003 of $0.4 million were deconsolidated and reflected as a component of discontinued operations for comparative purposes. The Company recorded its remaining preference stock investment in LM valued at approximately $2.1 million under the cost method, as it will have a non-controlling interest in LM and reflected this amount as a component of investment in non-consolidated subsidiaries on the Company's consolidated balance sheet at March 31, 2004. For comparative purposes, the Company deconsolidated LM from the Company's consolidated balance sheet at December 31, 2003, which resulted in a negative investment of $53.8 million and is reflected as a component of investment in non-consolidated subsidiaries.

NOTE H - SEGMENT DATA

Summarized financial information for the three months ended March 31, 2004 and 2003 concerning the Company's reportable segments is as follows (in thousands):

	Three Months Ended			
	March 31, 2004		March 31, 2003	
	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)
Brazil	$27,204	$ 3,051	$21,397	$ 1,100
Australia (1)	--	--	--	--
United States	6,286	369	4,674	(1,161)
France	3,624	(114)	3,535	250
Argentina	1,782	370	1,107	247
Corporate - United States	--	(1,055)	--	(1,071)
Totals	$38,896	$ 2,621	$30,713	$ (635)

(1) LM was disposed of in April 2004 and therefore its results of operations through the date of disposition for 2004 and 2003 are reflected as a component of discontinued operations.

Through its subsidiaries, the Company serves its customers in the regions where it does business through three principal product lines: Transaction Cards and Systems ("TCS"), Printing Services and Document Management ("PSDM"), and Security Printing Solutions ("SPS"). The table below presents the components of these sales for the three months ended March 31, 2004 and 2003 as follows (Dollars in thousands):

	Three Months Ended			
	March 31, 2004		March 31, 2003	
	Sales	%	Sales	%
Transaction Cards and Systems	$14,516	37.3	$10,004	32.6
Printing Services and Document Management	6,980	17.9	4,372	14.2
Security Printing Solutions	17,400	44.8	16,337	53.2
Total Sales	$38,896	100.0	$30,713	100.0

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GENERAL

American Banknote Corporation is a holding company. All references to the "Parent" are meant to identify the legal entity American Banknote Corporation on a stand-alone basis. All references to the "Company" are to the Parent and all of its subsidiaries, as a group.

The Parent's principal subsidiaries are: American Bank Note Company ("ABN"), the US operating subsidiary, American Bank Note, Ltda. ("ABNB"), a 77.5% owned Brazilian company, CPS Technologies, S.A. ("CPS"), a French company and Transtex S.A. ("Transtex"), an Argentine company.

On April 7, 2004, the Parent entered into a series of agreements with LM, its former 90% owned Australian subsidiary, and the members of LM's Banking Syndicate, for the purpose of restructuring LM. As a result of this restructuring, the Parent exited as the major shareholder of LM and recognized a non-cash gain on the disposition of LM as a discontinued operation (See Note G for further information). The operations of LM for the first quarter of 2004 and 2003 are therefore reflected as a component of discontinued operations and as a result the following management's discussion of results of operations will exclude any comparison of LM's operations.

Through its subsidiaries, the Company serves its customers in the regions where it does business through three principal product lines: Transaction Cards and Systems ("TCS"), Printing Services and Document Management ("PSDM"), and Security Printing Solutions ("SPS").

RESULT OF OPERATIONS

Sales by foreign subsidiaries for the three months ended March 31, 2004 and 2003 represent approximately 84% and 85%, respectively of the Company's consolidated sales. The Company has significant operations in Brazil, Argentina and France, whose currencies historically have experienced significant foreign exchange rate fluctuations against the US Dollar. For the first quarter ended March 31, 2004, the Company experienced an average exchange rate appreciation in the Brazilian and Argentine currencies of approximately 21% and 9%, respectively, against the US Dollar when compared to the first quarter ended March 31, 2003. The Euro currency experienced an average appreciation of approximately 17% during the same period. In particular, the Brazilian Real continues to experience tremendous volatility against the US Dollar. Although the average exchange rate for the first quarter of 2004 was R$2.90 to the US dollar, as of May 11, 2004, the Real has weakened to R$3.14 to the US Dollar, therefore continuing to experience volatility.

ABNB is the Company's largest subsidiary, historically contributing approximately half of the revenues, operating profit and cash flow of the consolidated group which can be expected to grow with the deconsolidation of LM. Currency devaluation has severely impacted ABNB's cash flow in US Dollar terms, and has therefore threatened its ability to send dividends to the Parent at the same levels as in the past. Although, based on current estimates, it is anticipated that dividends from ABNB (along with those of ABN) will be sufficient to fund the Parent's operating expenses in the foreseeable future, there can be no assurance that further devaluation of the Real or other business developments will not lead to a contrary result. Furthermore, the continued long-term threat of currency devaluation has made it highly unlikely that the Company will be able to repay its Senior Notes due January 31, 2005. See "Liquidity and Capital Resources" for further information.

THE COMPARISONS THAT FOLLOW ISOLATE AND QUANTIFY THE EFFECT THAT CHANGES IN FOREIGN EXCHANGE RATES HAVE HAD ON THE RESULTS OF OPERATIONS OF THE COMPANY, THEREBY ENABLING COMPARISON OF OPERATING RESULTS OF THE COMPANY'S SUBSIDIARIES IN US CONSTANT DOLLAR TERMS ("CONSTANT DOLLARS"). IN PERFORMING THIS COMPARISON, THE COMPANY UTILIZES A CONSTANT DOLLAR EXCHANGE RATE AS IF THE EXCHANGE RATE FOR THE MOST RECENT PERIOD REMAINED AT THE SAME LEVELS AS THE PRIOR PERIOD FOR WHICH THE COMPARISON IS BEING PERFORMED.

COMPARISON OF RESULTS OF THE THREE MONTHS ENDED MARCH 31, 2004 WITH THE THREE MONTHS ENDED MARCH 31, 2003

SALES

Sales in the first quarter of 2004 increased by $8.2 million or 26.6% from the first quarter of 2003. Exchange rate appreciation resulted in increased revenues of approximately $5.3 million, resulting from increases of $4.6 million attributable to Brazil, $0.5 million to France and $0.2 million to Argentina. After giving effect to exchange rate appreciation, sales increased by $2.9 million in constant dollars, as a result of higher sales in Brazil of $1.2 million, Argentina of $0.5 million, and the United States of $1.6 million, partly offset by lower sales in France of $0.4 million. The net increase in sales in constant dollars is discussed in detail by subsidiary below.

The increase of $1.6 million in sales in the United States was due to increased SPS sales at ABN of stock and bond certificates of $0.4 million, and increases in secure, commercial and government print of $ 1.8 million primarily attributable to higher gift certificate, passport and vital record sales. These increases were partly offset by $0.4 million in reduced revenue resulting from the termination of the USDA food coupon contract. Although stock and bond certificate sales were stronger when compared to the first quarter of 2003, management believes the continued trend toward next day settlement, the overall slow growth in the financial markets and the decreasing overall demand for secure paper-based documents of value that are used in the public and private sector will continue to have a negative effect on the mix of sales and gross margins at ABN.

At Transtex, TCS sales increased by $0.5 million despite the severe and ongoing economic recession which continues to negatively impact Argentina. The increase was primarily due to a higher volume of orders placed in 2004 particularly on prepaid telephone cards and to a lesser extent bank and non-secure commercial loyalty cards. These volume increases were partly offset by competitive price decreases particularly in bank cards. Despite the continued improvement in sales at Transtex, there is no guarantee that this trend will continue as credit markets in Argentina continue to remain highly volatile such that the overall trend in card usage remains uncertain.

In France, the decrease of $0.4 million in TCS sales at CPS was principally due to the loss of its phone card business to a global tender and lower sales of non-secure loyalty cards. These decreases were partly offset by increased revenues on bank cards resulting from the bank's requirement that CPS purchase and charge them for the cost of non-personalized base stock transaction cards which began in March 2003.

Sales at ABNB in Brazil were $1.2 million higher than in 2003. The net increase is attributable to higher TCS sales resuling from higher volumes and price increases on sales of phone cards of $1.3 million and credit cards of $0.9 million and higher PSDM sales of $1.4 million primarily due to increases in price and volume levels from Bank Bradesco. These increases were partly offset by lower SPS sales of $2.4 million primarily attributable to lower electronic print volumes due to the cancellation of low margin business.

COST OF GOODS SOLD

Cost of goods sold in the first quarter of 2004 increased $4.0 million or 16.8% from the first quarter of 2003, with a corresponding increase in gross margins of $4.2 million. The impact of exchange rate appreciation accounts for increased cost of goods sold of $3.9 million and increased gross margins of approximately 1.4 million. The effect of exchange rate appreciation by country on cost of goods sold and gross margins respectively was as follows: Brazil - $3.3 million and $1.3 million, France - $0.5 million and nil and Argentina - $0.1 million and $ 0.1 million.

After giving effect to the exchange rate appreciation, cost of goods sold in constant dollars increased by $0.1 million, which resulted primarily from the $2.9 million increase in sales discussed above and a favorable change in product mix. As a result, gross margins in constant dollars increased by approximately $2.8 million when compared to the prior year. The net increase in cost of goods sold and the resulting effect on gross margins in constant dollars is discussed in detail by subsidiary below.

As a percentage of sales, cost of goods sold decreased to 71.2% in 2004 as compared to 77.2% in 2003. A comparison of the percentage of cost of goods sold by each of the Company's geographic locations to the prior year is as follows:

	THREE MONTHS ENDED MARCH 31,	
	2004	2003
Brazil	71.6%	78.7%
United States	63.3%	73.5%
Argentina	61.1%	54.7%
France	87.6%	80.8%

Cost of goods sold at ABNB in Brazil decreased by $0.7 million from 2003, with a corresponding increase in gross margins of $1.9 million. Cost of goods sold as a percentage of sales decreased by 7.1% when compared to the prior year. The decrease in cost of goods sold in constant dollar terms was attributable to both an increase in sales and a favorable change in product mix with higher volumes of TCS phone and credit cards at higher margins with an increase in pricing, and the elimination of customer orders which resulted in losses in 2003 at ABNB's SPS electronic print business. These improvements were partly offset by increased fixed costs primarily attributable to increased maintenance, salaries, and communication costs with respect to SPS driver's license and intaglio print products and additional maintenance and utilities on the TCS phone card chemical lines.

Cost of goods sold at ABN in the United States increased by $0.5 million and resulted in an increase in gross margins of $1.1 million when compared to the prior year. As a percentage of sales, cost of goods sold decreased by approximately 10.2%, when compared to the prior year, principally due to a reduction in fixed costs at ABN of approximately $0.4 million in 2004 as a result of closing its Philadelphia plant in the first quarter of 2003 and consolidating its operations into a single location in Tennessee (See Note-E Restructuring). The remaining increase in cost of goods sold and gross margins is directly attributable to the $1.6 million increase in sales. There is no guarantee that the higher level of stock and bond certificate business will continue in the future given the continued trend toward an overall reduced demand for secure paper-based documents of value.

In Argentina, cost of goods sold at Transtex was approximately $0.4 million higher than in 2003, which resulted in an increase in gross margins of $0.1 million, primarily due to increased sales. As a percentage of sales, cost of goods sold increased by 6.4% over the prior year primarily due to an increase in raw material costs. In light of the severe ongoing economic crisis in Argentina, there is no guarantee that this improved trend in gross margins will continue.

At CPS in France, cost of goods sold decreased by approximately $0.1 million when compared to 2003 resulting in a decrease in gross margins of $0.3 million. As a percentage of sales, cost of goods sold increased by approximately

6.8% from 2003, primarily due to an increase in fixed costs for security, quality control and inventory management and higher costs as a result of the requirement from the banks that CPS purchase the non-personalized base stock transaction card and pass the cost along to the banks which did not commence until March 2003.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses during the first quarter of 2004 increased by approximately $0.7 million when compared to the first quarter of 2003. Exchange rate appreciation resulted in increased selling and administrative expenses of approximately $0.5 million, resulting from exhange rate appreciation increases of $0.4 million in Brazil and $0.1 million in France. This resulted in a net increase in selling and administrative expense from the prior year in constant dollars of $0.2 million. In constant dollars, each of the operating subsidiaries closely approximated the prior year with the exception of $0.3 million in higher selling expenses at ABNB due to increased sales, partly offset by a decrease in personnel expenses of $0.1 million at ABN. As a percentage of sales, selling and administrative expenses were comparatively lower (14.4 % in 2004 as compared to 16% in 2003) due to higher sales in 2004.

RESTRUCTURING

The restructuring charge of $0.4 million in the first quarter of 2003 represents severance payments to employees in connection with ABN's decision to close its Philadelphia plant and consolidate all its manufacturing operations into its Tennessee facility. (See Note E to the Company's Consolidated Financial Statements provided herein for further information).

DEPRECIATION EXPENSE

Depreciation and amortization expense for the first quarter of 2004 was $0.6 million higher when compared to the first quarter of 2003. Exchange rate appreciation accounts for an increase of approximately $0.5 million, resulting in a net increase of $0.1 million in constant dollars. This increase was primarily related to the additional depreciation expense at ABNB resulting from an increase in capital expenditures.

INTEREST EXPENSE

Interest expense for the first quarter of 2004 was approximately $0.2 million lower when compared to the first quarter of 2003. This increase resulted primarily from an increase of $0.2 million in accrued pay in kind interest on the Parent's Senior Notes.

GAIN ON SENIOR NOTE REPURCHASE

In February 2003, the Parent purchased through privately negotiated transactions a block of $4.0 million face amount of bonds for an aggregate purchase price of $2.0 million. The Parent recorded a gain of approximately $2.0 million on the repurchase of these bonds reflecting the difference between the face amount and the purchase price in the first quarter of 2003. See "Liquidity and Capital Resources" for further information.

OTHER, NET

Other net income for the first quarter of 2004 increased by approximately $1.2 million primarily resulting from a $0.4 million gain on the sale of ABN's Philadelphia plant in January 2004, a $0.6 million sale by ABN of certain idle currency equipment which was impaired in prior years and other miscellaneous income of $0.2 million.

TAXES ON INCOME

Taxes on income are calculated using the effective tax rate for each tax jurisdiction and various assumptions, such as state and local taxes and the utilization of foreign taxes in the US The effective tax rate is further adjusted for any permanent differences between the book basis and tax basis of assets and liabilities. In addition, the Company has provided a valuation allowance against its US net operating losses and other US deferred tax assets due to the uncertainty as to the realization of US taxable income in the future.

MINORITY INTEREST

Minority interest represents the 22.5% minority interest in ABNB held by Bradesco Vida e Previdencia S.A., a subsidiary of the Bradesco Group.

LIQUIDITY AND CAPITAL RESOURCES

CASH. At March 31, 2004 and December 31, 2003, the Company had approximately $8.5 million and $9.0 million, respectively in cash and cash equivalents.

SUMMARY OF CASH FLOWS. Cash and cash equivalents decreased by $0.6 million in the first quarter of 2004 compared to a decrease of $2.2 million in the comparable period of 2003. This increase in cash flow of $1.6 million between the periods resulted from the following:

- A $1.8 million net increase in cash flow from operating activities attributable to a $3.3 million increase in net income after non-cash adjustments partly offset by a $1.5 million unfavorable working capital variance. The unfavorable working capital variance is principally attributable to the slower collection of receivables in Brazil, the higher level of receivable balances at ABN and Argentina corresponding to increased sales in 2004 compared to 2003, as well as the lower level of payables in 2004 at CPS in France attributable to a reduction in its business. In addition, ABN reflected a lower payables balance in 2004 compared to 2003 as a result of the postponement of payments in the first quarter of 2003. These unfavorable working capital variances were partly offset by a favorable inventory variance, primarily at CPS in France and at ABN. The lower inventory balance at CPS was attributable to the loss of the phone card business while at ABN, the lower balance was attributable to the loss of the food coupon contract.

- A $1.0 million net decrease in cash flow from investing activities principally attributable to higher capital expenditures in Brazil, ABN, and CPS in France of $1.9 million, $0.2 million, and $0.1 million, respectively in 2004 partly offset by proceeds received at ABN from the sale of its Philadelphia facility of $0.7 million and the sale of currency equipment of $0.5 million

- A $1.0 million net increase in cash from financing activities when compared to 2003 attributable to the Company's use of $2.0 million in February 2003 to buy back its Senior Notes as well as the $0.1 million repayment of short-term equipment financing in Brazil in 2003 partly offset by a $0.7 million repayment of working capital facilities in 2004 at CPS of $0.5 million and ABN of $0.2 million. In addition, dividends to ABNB's minority shareholder increased by $0.4 million.

- A $0.2 million net decrease in cash due to the impact of unfavorable exchange rate valuation in 2004 as compared to 2003 on cash balances on hand.

SHORT-TERM BORROWINGS. At March 31, 2004, the Company's subsidiaries had outstanding approximately $0.7 million (excluding letters of credit) under their respective short-term credit facilities. The Company's domestic subsidiary, ABN, has a one year $2 million asset-based working capital facility with a local bank in Tennessee which expires in June 2004 and allows ABN to borrow at a 5.5% short term interest rate for general working capital and letters of credit purposes. ABN had used approximately $0.5 million of which $0.2 million was for general working capital purpose and $0.3 million for outstanding letters of credit, leaving approximately $1.5 million available for borrowing. ABN's current use of the line presently stands at approximately $0.7 million and it is anticipated that additional borrowings on the line may be required at various times in 2004. The Company's French subsidiary, CPS, had available approximately $1.2 million at March 31, 2004 under its working capital credit facility with several different local banks which allows it to borrow at an average rate of approximately 3.5% partly collateralized by certain receivables. At March 31, 2004, CPS has no borrowings on the line, however, it is anticipated that borrowings on the line will be required at various times in 2004.

Long-Term Debt. The Company's long-term debt consists of (i) the $102.6 million of the Parent's 10 3/8% Senior Notes due January 31, 2005, which accrues interest in kind and is classified as current, and (ii) $0.7 million of mortgage indebtedness at ABN.

In February 2003, the Parent purchased through privately negotiated transactions a block of $4.0 million face amount of Senior Notes for an aggregate purchase price of $2.0 million. The Parent recorded a gain of approximately $2.0 million on the repurchase of these bonds reflecting the difference between the face amount and the purchase price in the first quarter of 2003.

ABILITY TO REPAY DEBT

The high levels of the Parent's Senior Note indebtedness, $102.6 million at March 31, 2004, poses a high degree of uncertainty as to the Company's ability to repay this debt upon the January 31, 2005 maturity date. Moreover, it is highly unlikely that the Company will generate sufficient future cash flow from operations to repay these Senior Notes upon maturity. This factor combined with the Company's limited access to capital and financial markets for the purpose of obtaining new financing or equity to refinance the Senior Notes makes it highly likely that the Company will require a further restructuring, bankruptcy or partial or total liquidation or sale of the Company. Absent a significant increase in available free cash flow from operations, it is the Parent's intention from now until the maturity date to continue to pay in kind its semi-annual interest payments on the Senior Notes in lieu of cash interest, as permitted under its revised indenture. However, because each of the Parent's subsidiaries is a self-funded stand-alone entity, it is anticipated that each subsidiary, will continue to operate its business in the normal course, on a stand-alone basis, irrespective of any restructuring of the Parent. See the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for further disclosure relating to these risks.

As a holding company, the Parent is dependent on dividends from its subsidiaries to service its US publicly held debt and to fund its corporate offices expenses. Currently, ABN, ABNB, CPS and Transtex are permitted to pay dividends, although presently only ABN and ABNB generate sufficient excess cash flow to fund any material portion of the US obligations. There can be no assurance that ABN and ABNB will continue to generate sufficient excess cash flow form their respective operations to service and repay the principal on the Parent's remaining reorganized public debt structure and fund the Parent's corporate office expenses.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Form 10-Q, under the captions, "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in certain documents incorporated by reference herein constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve unknown and uncertain risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. Forward-looking statements are identified by the use of forward looking words or phrases such as "anticipates," "intends," "expects," "believes," "estimates," or words or phrases of similar import. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties, and the statements looking forward beyond 2004 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from those anticipated by the forward-looking statements. Such factors are more fully described in the Company's Annual Report on Form 10-K for the year ended December 31, 2003, which should be considered in connection with a review of this report.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

FOREIGN OPERATIONS AND FOREIGN CURRENCY

The Company has significant operations in Brazil, Argentina and France. On a consolidated basis, these operations experienced significant foreign exchange rate fluctuations against the US Dollar in 2003. Foreign exchange rate fluctuations on a comparative basis continued to exist in the first quarter of 2004 when compared to the same period in 2003.

The Company's foreign exchange exposure policy generally calls for selling its domestic manufactured product in US Dollars and, in the case of ABNB, Transtex and CPS, selling in their national currencies, in order to minimize transactions occurring in currencies other than those of the originating country. For the three months ending March 31, 2004, the Company experienced an average appreciation in the Brazilian and Argentine currencies of approximately 21% and 9%, respectively. Although the average exchange rate for the first quarter of 2004 was R$2.90 to the US Dollar, as of May 11, 2004, the Real had weakened to R$3.14 to the US Dollar, and continues to experience volatility. As ABNB is the Company's largest subsidiary, historically contributing approximately half of the revenues, operating profit and cash flow of the consolidated group, the continued threat of currency devaluation could severely impact the Company's ability to repay upon maturity its Senior Notes due January 31, 2005, and to fund its corporate operating expenses.

ITEM 4 CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures as of the end of the period covered by this report were designed and were functioning effectively to provide reasonable assurance that the information required to be disclosed by us in reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. We believe that a controls system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

(b) Change in Internal Control over Financial Reporting

No change in our internal control over financial reporting occurred during our most recent fiscal year that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II -OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On December 8, 1999 (the "Petition Date"), the Parent (but none of its subsidiaries) filed a petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code. On that date, the Parent also filed its initial plan of reorganization which set forth the manner in which claims against and interests in the Parent would be treated following its emergence from Chapter 11. Only the Parent filed a petition for reorganization relief under Chapter 11. None of the Parent's subsidiaries was a party to the Chapter 11 Proceeding or any other insolvency or similar proceeding.

The Parent's plan of reorganization was subsequently amended four times and on May 24, 2002, the Parent submitted its Final Disclosure Statement with respect to its proposed Fourth Amended Reorganization Plan to the Bankruptcy Court. On August 22, 2002, the Bankruptcy Court confirmed the Plan. On October 1, 2002, the Effective Date, all conditions required for the consummation of the Plan were achieved and the Plan became effective.

On January 29, 2003, in accordance with the standard procedures of the Bankruptcy Court, the Parent filed final omnibus objections to expunge any claims that it believes have no basis or merit. The Parent's objections included objections to claims that were duplicative, inconsistent with the Company's books and records, untimely, already satisfied or resolved under the Plan, or otherwise without merit. The Bankruptcy Court will consider the Company's objections to the proofs of claim, and any responses by the affected claimants thereto, at a hearing scheduled on June 24, 2004, or on such other adjourned dates as may be scheduled by the Bankruptcy Court. The Company has reinstated all known creditor claims that were recorded as pre-petition liabilities net of any negotiated settlements.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(A) EXHIBIT NUMBER	DESCRIPTION
Exhibit 31.1*	CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2*	CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1*	CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.2*	CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed herewith

(B) NONE

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 17,2004.

AMERICAN BANKNOTE CORPORATION

By: /S/ STEVEN G. SINGER

Steven G. Singer
Chairman and Chief Executive Officer
(Principal Executive Officer)

By: /S/ PATRICK J. GENTILE

Patrick J. Gentile
Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATION

I, Steven G. Singer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Banknote Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act rules 13a-14 and 15d-14) for the registrant and we have:

    a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

    b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

    c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 17, 2004

/S/ STEVEN G. SINGER

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Patrick J. Gentile, certify that:

1. I have reviewed this quarterly report on Form 10-Q of American Banknote Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act rules 13a-14 and 15d-14) for the registrant and we have:

   a) Designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) Presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) All significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 17, 2004

/S/ PATRICK J. GENTILE

Executive Vice President
and Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 USC. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of American Banknote Corporation (the Company) on Form 10-Q for the period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven G. Singer, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 USC. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Steven G. Singer
Steven G. Singer
Chairman and Chief Executive Officer

Date: May 17, 2004

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 USC. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of American Banknote Corporation (the "Company") on Form 10-Q for the period ended March 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Patrick J. Gentile, Senior Vice President Finance and Chief Financial Officer of the Company, certify, pursuant to 18 USC. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

/s/ Patrick J. Gentile
Patrick J. Gentile
Executive Vice President Finance and
Chief Financial Officer

Date: May 17, 2004

AMERICAN BANKNOTE CORP (ABNT)

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10-Q

Filed on 08/13/2004 - Period: 06/30/2004
File Number 001-03410

GSI

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _________ to _________

Commission File Number 1-3410

AMERICAN BANKNOTE CORPORATION
(Exact name of Registrant as specified in its charter)

DELAWARE (State or other jurisdiction of Incorporation or organization)	13-0460520 (I.R.S. Employer Identification No.)
560 SYLVAN AVENUE ENGLEWOOD CLIFFS, NEW JERSEY (Address of principal executive offices)	07632-3119 (Zip Code)

(201) 568-4400
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing for the past 90 days. Yes [X] No [ ].

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X].

Indicate by a check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [X] No [ ].

As of August 14, 2004, 11,770,815 shares of the Registrant's Common Stock, par value $.01 per share were outstanding.

AMERICAN BANKNOTE CORPORATION

FORM 10-Q

I N D E X

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets		
Cash and cash equivalents	$ 10,429	$ 9,018
Accounts receivable, net of allowance for doubtful accounts of $966 and $1,096	19,921	19,414
Inventories, net of allowances of $364 and $314	15,960	16,664
Prepaid expenses and other	4,303	3,427
Deferred tax assets of subsidiaries	2,665	2,244
Total current assets	53,278	50,767
Property, plant and equipment		
Land	1,964	2,179
Buildings and improvements	6,264	7,811
Machinery, equipment and fixtures	80,582	82,632
Construction in progress	526	34
	89,336	92,656
Accumulated depreciation and amortization	(49,213)	(48,028)
	40,123	44,628
Other assets	1,118	1,802
Investment in non-consolidated subsidiaries	7,050	(48,527)
Goodwill	68,274	72,121
Total assets	$ 169,843	$ 120,791

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	June 30, 2004 (unaudited)	December 31, 2003
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities		
Current portion of long-term debt	$ 105,254	$ 29
Revolving credit facilities	349	1,393
Accounts payable and accrued expenses	27,468	26,754
Total current liabilities	133,071	28,176
Long-term debt	641	100,667
Other long-term liabilities	10,993	13,012
Deferred taxes	2,025	2,196
Minority interest	22,526	24,217
Total liabilities	169,256	168,268
Commitments and Contingencies		
Stockholders' equity (deficit)		
Common Stock, par value $.01 per share, authorized 20,000,000 shares; issued 11,828,571 shares	118	118
Capital surplus	20,893	20,893
Retained deficit	(31,916)	(86,013)
Treasury stock, at cost 57,756 shares	(103)	(103)
Accumulated other comprehensive income	11,595	17,628
Total stockholders' equity (deficit)	587	(47,477)
	$ 169,843	$ 120,791

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
UNAUDITED
(Dollars in thousands)

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003	Second Quarter June 30, 2004	Second Quarter June 30, 2003
CONTINUING OPERATIONS				
Sales	$ 75,932	$ 66,947	$ 37,036	$ 36,234
Costs and expenses				
Cost of goods sold	53,914	50,549	26,202	26,813
Selling and administrative	11,279	10,025	5,659	5,112
Restructuring	--	366	--	--
Depreciation and amortization	5,743	4,972	2,800	2,639
	70,936	65,912	34,661	34,564
	4,996	1,035	2,375	1,670
Other expense (income)				
Interest expense	5,397	5,030	2,688	2,516
Gain on post-retirement settlement	(1,411)	--	(1,411)	--
Gain on senior note repurchase	--	(3,393)	--	(1,380)
Other, net	(1,055)	358	(53)	109
	2,931	1,995	1,224	1,245
Income (Loss) before reorganization items, taxes on income and minority interest	2,065	(960)	1,151	425
Reorganization costs	--	104	--	61
Income (loss) before taxes on income and minority interest	2,065	(1,064)	1,151	364
Taxes on income	3,049	1,900	1,691	1,118
Loss before minority interest	(984)	(2,964)	(540)	(754)
Minority interest	871	390	434	290
Loss from continuing operations	(1,855)	(3,354)	(974)	(1,044)
DISCONTINUED OPERATIONS				
Loss from discontinued operations	(961)	(1,629)	--	(1,284)
Gain on disposal of discontinued operations	56,913	--	--	--
	55,952	(1,629)	--	(1,284)
Net income (loss)	$ 54,097	$ (4,983)	$ (974)	$ (2,328)
Net income (loss) per common share - Basic and Diluted				
Continuing operations	$ (0.15)	$ (0.28)	$ (0.08)	$ (0.09)
Discontinued operations	4.75	(0.14)	--	(0.11)
Net income (loss)	$ 4.60	$ (0.42)	$ (0.08)	$ (0.20)

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) - UNAUDITED
(Dollars in thousands, except per share data)

	Six Months Ended June 30,		Second Quarter June 30,	
	2004	2003	2004	2003
Net income (loss)	$ 54,097	$ (4,983)	$ (974)	$ (2,328)
Foreign currency translation adjustment	(6,033)	15,799	(5,451)	11,773
Comprehensive income (loss)	$ 48,064	$ 10,816	$ (6,425)	$ 9,445

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(Dollars in thousands)

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Net cash provided by operating activities	$ 6,529	$ 2,155
Investing Activities		
Capital expenditures	(4,069)	(2,326)
Proceeds from sale of assets	1,267	4
Net cash used in investing activities	(2,802)	(2,322)
Financing Activities		
Revolving facilities, net	(1,043)	(141)
Repayment of long-term debt, net	(12)	(27)
Repurchase of senior notes	--	(2,929)
Dividend to minority shareholder	(869)	(608)
Net cash used in financing activities	(1,924)	(3,705)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(392)	351
Increase (decrease) in cash and cash equivalents	1,411	(3,521)
Cash and cash equivalents - beginning of year	9,018	10,769
Cash and cash equivalents - end of period	$ 10,429	$ 7,248
Supplemental disclosures of cash flow information		
Taxes	$ 3,300	$ 1,800
Interest	100	100
Reorganization items	581	359

See Notes to Consolidated Financial Statements

AMERICAN BANKNOTE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
AND COMPREHENSIVE INCOME (LOSS) - UNAUDITED
SIX MONTHS ENDED JUNE 30, 2004
(Dollars in thousands)

	Common Stock	Capital Surplus	Retained Deficit	Treasury Stock	Accumulated Other Compre-hensive Income	Total Equity (Deficit)
Balance - January 1, 2004	$ 118	$ 20,893	$(86,013)	$ (103)	$ 17,628	$(47,477)
Net Income			54,097			54,097
Currency Translation Adjustments					(6,033)	(6,033)
Balance June 30, 2004	$ 118	$ 20,893	$(31,916)	$ (103)	$ 11,595	$ 587

See Notes to Consolidated Financial Statements

NOTE A - Basis of presentation

American Banknote Corporation is a holding company. All references to the "Parent" are meant to identify the legal entity American Banknote Corporation on a stand-alone basis. All references to the "Company" are to the Parent and all of its subsidiaries, as a group.

The Parent's principal subsidiaries are: American Bank Note Company ("ABN"), a US operating subsidiary, American Bank Note, Ltda. ("ABNB"), a 77.5% owned Brazilian company, CPS Technologies, S.A. ("CPS"), a French company, and Transtex S.A. ("Transtex"), an Argentine company.

On April 6, 2004, the Parent exited as the 90% major shareholder of its former Australian subsidiary, ABN Australasia Limited (trading as the Leigh Mardon Group ("LM")) by entering into a series of agreements with LM and the members of LM's Senior lending syndicate, ("the Banking Syndicate"). Although the Parent continues to own a minority interest in LM, the disposal of this segment has been recorded as a discontinued operation of the Company's business. See Note H for further information.

The financial information as of June 30, 2004 and for the six-month and second quarter periods ended June 30, 2004 and 2003 have been prepared without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial position, results of operations and cash flows for each period presented have been made on a consistent basis. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these financial statements be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2003. Operating results for the six months and second quarter ended June 30, 2004 may not be indicative of the results that may be expected for the full year.

In December 1999, the Parent (but none of its subsidiaries) filed a petition for reorganization relief under Chapter 11 of the United States Bankruptcy Code (the "Chapter 11 Proceeding"). On August 22, 2002, the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") confirmed the Parent's Fourth Amended Plan of Reorganization (the "Plan") in the Chapter 11 Proceeding. On October 1, 2002 (the "Effective Date"), all conditions required for the effectiveness of the Plan were achieved and the Plan became effective.

The Company has significant operations in Brazil, Argentina and France. On a consolidated basis, these operations experienced significant foreign exchange rate fluctuations against the US Dollar in 2003. Significant foreign exchange rate fluctuations on a comparative basis continued to exist in the six months and second quarter of 2004 when compared to the same period in 2003.

Over the past year, the Brazilian Real and the Argentine Peso have each improved overall, despite the significant volatility and fluctuations which have historically plagued both countries' currencies. For the six months ended June 30, 2004 when compared to the six months ended June 30, 2003, the Brazilian and Argentine currencies experienced an average exchange rate appreciation of approximately 9% and 3.5%, respectively. The Euro currency experienced an average appreciation of approximately 11% during the same period.

For the second quarter ended June 30, 2004, the Company experienced an average exchange rate devaluation of approximately 2% in Brazil and Argentina, respectively. The Euro currency experienced an average appreciation of approximately 6% during the same period.

The Brazilian Real has experienced, and continues to demonstrate, tremendous volatility against the US Dollar. The average exchange rate for the six months ended June 30, 2004 was R$2.97 to the US Dollar. As of August 9, 2004, the Real had weakened to R$3.03 to the US Dollar. Given its historic volatility there is no guarantee that the Real will either improve or stabilize at any certain level against the US Dollar.

ABNB is the Parent's largest subsidiary, historically contributing approximately half of the revenues, operating profit and cash flow of the consolidated group, which can be expected to grow as a percentage of the Company's total revenues and operating profit with the deconsolidation of LM, which had historically reported significant losses. The Real's overall devaluation since its introduction has severely impacted ABNB's cash flow in US Dollar terms, and has therefore threatened its ability to pay dividends to the Parent at the same levels as in the past. Based on current estimates, it is anticipated that dividends from ABNB (along with those of other subsidiaries) will be sufficient to fund the Parent's operating expenses in the foreseeable future. There can be no assurance, however, that further devaluation of the Real or other business developments will not lead to a contrary result.

In Argentina, despite the economic environment and the abandonment of its Peso-Dollar currency peg system (which has allowed the currency to float freely on currency markets), Transtex has generated positive operating income and cash flow for the first and second quarters of 2004 and 2003 as well as all of 2003. While throughout 2002, the Argentine government imposed a moratorium on dividend repatriations outside the country, the government, in 2003, lifted this ban, and as a result, the Parent was able to receive a $0.1 million and $0.3 million dividend from Transtex for the first six months ended June 30, 2004 and 2003, respectively. However, there can be no assurance that the ability to repatriate dividends freely out of the country will continue on a consistent basis in light of the instability of the Argentine credit markets.

NOTE B - EARNINGS PER SHARE COMPUTATIONS

Amounts used in the calculation of basic and diluted per share amounts for the six months and second quarter ended June 30, 2004 and 2003 were as follows:

	Six Months Ended June 30,		Second Quarter Ended June 30,	
	2004	2003	2004	2003
Numerator for loss from continuing operations	$ (1,855)	$ (3,354)	$ (974)	$ (1,044)
Numerator for income from discontinued operations	$ 55,952	$ (1,629)	$ --	$ (1,284)
Denominator for per share computations				
Weighted average number of shares outstanding (in thousands)				
Common Stock	11,771	11,771	11,771	11,771

In 2004, income from discontinued operations represents the one-time non-cash gain resulting from the disposition of the Company's Australian subsidiary LM in April 2004 and LM's loss from operations for the six months and second quarter ended 2004. In 2003, the loss from discontinued operations represents the loss from LM's results of operations for the six months and second quarter of 2003. (See Note H for further information.)

The denominator for computing diluted income per share excludes certain warrants, equity options and management incentive options issued in accordance with the Plan, as the exercise prices of such warrants and options were greater than the market price of the common shares.

NOTE C - RECENT ACCOUNTING PRONOUNCEMENTS

SFAS 150 - In May 2003, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 150 (SFAS 150), Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. The adoption of SFAS 150 in the third quarter of 2003 did not have a material impact on the Company's results of operations or financial position.

SFAS 132(R) - In December 2003, the FASB issued SFAS 132(R), Employers' Disclosures about Pensions and Other Postretirement Benefits. The provisions of this Statement do not change the measurement and recognition provisions of SFAS 87, Employers' Accounting for Pensions, SFAS 88, Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, and SFAS 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. SFAS 132(R) replaces SFAS 132 and adds disclosures of plan assets by category, investment policies and strategies for these categories, estimated future benefit payments and contributions and improves quarterly disclosures. This statement is effective for financial statements with fiscal years ending after December 15, 2003, except for the disclosure of estimated future benefit payments which is effective for fiscal years ending after June 15, 2004. The interim-period disclosures required by this statement are effective for interim periods beginning after December 15, 2003. The Company adopted the provisions of this statement in 2003.

FIN 46 - In January 2003, the FASB issued FASB Interpretation (FIN) No. 46, Consolidation of Variable Interest Entities (revised December 2003), an interpretation of Accounting Research Bulletin No. 51, Consolidated Financial Statements. FIN 46 requires variable interest entities (VIEs) to be consolidated by the primary beneficiary of the entity. VIEs are entities that lack sufficient equity to finance its activities without additional subordinated financial support or whose equity investors do not have the characteristics of a controlling financial interest. All VIEs, with which the Company is involved, must be evaluated to determine the primary beneficiary of the risks and rewards of the VIE. The provisions of FIN 46 must be applied to all entities subject to this Interpretation effective beginning in the first quarter of 2004. However, prior to the required application of this Interpretation, FIN 46 must be applied to those entities that are considered to be special-purpose entities no later than as of the end of the first reporting period that ends after December 15, 2003. The adoption of FIN 46 does not have a material effect on the Company's results of operations or financial position.

FIN 45 - In November 2002, the FASB issued FIN 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 is principally a clarification and elaboration of SFAS No. 5, Accounting for Contingencies under which companies were required to recognize a liability when it became likely that the company would have to honor its guarantee. FIN 45 adds disclosures required by the guarantor about its obligations under guarantees it has issued. The disclosure requirements in FIN 45 are effective for annual and interim periods ending after December 15, 2002. It also requires a guarantor to recognize a liability for certain guarantees, at the inception of a guarantee, for the fair value of the obligations it has assumed, even if it is not probable that payments will be required. The initial recognition and measurement provisions of FIN 45 are required only on a prospective basis for guarantees issued or modified after December 31, 2002. The adoption of FIN 45 did not have a material impact on the Company's financial position or results of operations.

SAB 104 - In December 2003, the Staff of the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 104 (SAB 104), "Revenue Recognition" which supersedes and further clarifies certain provisions of SAB 101, "Revenue Recognition in Financial Statements." SAB 104's primary purpose is to rescind accounting guidance contained in SAB 101 related to multiple-element revenue arrangements and to rescind the SEC's "Revenue Recognition in Financial Statements Frequently Asked Questions and Answers" (FAQ) issued with SAB 101. Selected portions of the FAQ have been incorporated into SAB 104. The adoption of SAB 104 did not have a material impact on the Company's revenue recognition policies.

Note D - Inventories (Dollars in thousands) consisted of the following:

	June 30, 2004	December 31, 2003
Finished goods	$ 7	$ 7
Work-in-progress	7,175	8,934
Raw materials and supplies (net of allowances of $364 and $314, respectively)	8,778	7,723
	$15,960	$16,664

Inventories are stated at the lower of cost or market with cost being determined either on the first-in-first-out or average cost method.

NOTE E - RESTRUCTURING

In the first quarter of 2003, ABN consolidated its Philadelphia operations into its Tennessee operation, thereby placing all of ABN's manufacturing operations within a single location, resulting in the termination of approximately 50 employees. Accordingly, ABN recorded a one-time restructuring charge of $0.4 million for the first six months of 2003 related primarily to employee terminations. One-time costs related to plant wind down and equipment relocation were funded through internal cash flow and expensed as incurred and have been included in cost of goods sold in accordance with SFAS 146. The total costs resulting from this restructuring were recovered within one year from its execution. Additionally, in the third quarter of 2003, ABN consolidated its two secure satellite storage and distribution facilities into a single facility.

NOTE F - Long-term debt

Long-term debt at June 30, 2004 of $105.9 million consists of $105.2 million of the Parent's Senior Notes due January 31, 2005 which is classified as current on the balance sheet, and $0.7 million of mortgage indebtedness secured by properties owned by ABN.

NOTE G - Gain on Post Retirement Settlement

In May 2004, the Parent renegotiated the terms of its supplemental executive retirement plan ("the Serp") with Morris Weissman, the Company's former Chairman and CEO. Under the terms of the settlement, Mr. Weissman agreed to forego his annual Serp payment of $297,000 per year for the following: (i) a lump sum one-time cash payment of $235,000; (ii) a reduced annual benefit in the amount of $196,000 per year from January 2005 to June 2011; (iii) a further reduced annual benefit in the amount of $144,000 per year commencing July 2011 and continuing until Weissman's death (unless he is survived by his current spouse, in which case the payments will continue to her until her death); (iv) a twenty five percent partial funding of Weissman's medical and dental insurance premiums through August 2006 and (v) an extension on the forgiveness of Weissman's corporate loan through December 31, 2012.

As a result of the settlement and the change in certain actuarial assumptions, the Company recognized a $1.4 million non-cash gain which was recorded as a separate component of other expense (income).

The Parent, due to cash flow constraints, continues not to make any payments to the remaining participants of the Serp. There is no assurance that successful negotiated settlements with the remaining participants can be achieved in order to avoid litigation.

NOTE H - Discontinued Operations

On April 6, 2004, the Parent entered into a series of agreements with LM, the subsidiary's Banking Syndicate and with a newly-formed company owned by the members of the Banking Syndicate, for the purpose of restructuring LM and to enable the Company to exit as the major shareholder of LM.

Under the terms of the Agreement, LM's capital structure was reorganized such that the Banking Syndicate forgave approximately $47.4 million of LM's $64.7 million of total senior non-recourse bank debt (inclusive of LM's working capital facility). In exchange, the Parent relinquished its 90% controlling equity stake in LM for approximately (i) 11% of approximately $20 million face amount of newly-issued preference stock and (ii) "deferred common equity" of up to 40% of LM, which will be issued in stages if and when the restructured senior bank debt and the preference stock of reorganized LM are fully repaid or redeemed. The Company has not ascribed a value to the common equity because events that define its issuance are uncertain and may not occur.

This exchange resulted in a non-cash gain from discontinued operations of $56.0 million to the Company as a result of the Company relinquishing its controlling equity interest in exchange for (i) the net discharge of the Company's carrying value of LM's equity deficit, which was approximately $53.9 million at June 30, 2004 (which included a $1.0 million loss from operations for the first quarter of 2004) plus (ii) the value of the newly-issued preference shares received by the Company, which is estimated to be approximately $2.1 million.

As a result of this transaction, effective January 1, 2004, the Company recorded the gain on the disposition of LM as a discontinued operation and reflected LM's loss from operations for the six months of 2004 of $1.0 million as a component of discontinued operations. The Company did not break out LM's results of operations for the six days in April from the gain on the sale in the second quarter, as these results would not be meaningful. Furthermore, the results of operations of LM for the six months and second quarter of 2003 of $1.6 million and $1.3 million, respectively were deconsolidated and reflected as a component of discontinued operations for comparative purposes. The Company recorded its remaining preference stock investment in LM valued at approximately $2.1 million under the cost method, as it will have a non-controlling interest in LM and reflected this amount as a component of investment in non-consolidated subsidiaries on the Company's consolidated balance sheet at June 30, 2004. For comparative purposes, the Company deconsolidated LM from the Company's consolidated balance sheet at December 31, 2003, which resulted in a negative investment of $53.8 million and is reflected as a component of investment in non-consolidated subsidiaries.

NOTE I - SEGMENT DATA

Summarized financial information for the six months ended June 30, 2004 and 2003 concerning the Company's reportable segments is as follows (in thousands):

	Six Months Ended			
	June 30, 2004		June 30, 2003	
	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)
Brazil	$ 52,437	$ 6,459	$ 46,175	$ 3,378
Australia (1)	--	--	--	--
United States	12,112	524	10,639	(1,083)
France	7,623	(302)	7,870	353
Argentina	3,760	782	2,263	463
Corporate - United States	--	(2,467)	--	(2,076)
Totals	$ 75,932	$ 4,996	$ 66,947	$ 1,035

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(1) LM was disposed of in April 2004. For comparative purposes, its results of operations are reflected as a component of discontinued operations.

Through its subsidiaries, the Company serves its customers in the regions where it does business through three principal product lines: Transaction Cards and Systems ("TCS"), Printing Services and Document Management ("PSDM"), and Security Printing Solutions ("SPS"). The table below presents the components of these sales for the six months ended June 30, 2004 and 2003 as follows (Dollars in thousands):

	Six Months Ended			
	June 30, 2004		June 30, 2003	
	Sales	%	Sales	%
Transaction Cards & System	$28,680	37.8%	$22,084	33.0%
Printing Services and Document Management	13,380	17.6%	11,829	17.7%
Security Printing Solutions	33,872	44.6%	33,034	49.3%
Total Sales	$75,932	100.0%	$66,947	100.0%

Summarized financial information for the second quarter ended June 30, 2004 and 2003 concerning the Company's reportable segments is as follows (in thousands):

	Second Quarter Ended			
	June 30, 2004		June 30, 2003	
	Net Sales	Operating Profit (Loss)	Net Sales	Operating Profit (Loss)
Brazil	$25,233	$ 3,408	$24,778	$ 2,278
Australia (1)	--	--	--	--
United States	5,826	155	5,965	78
France	3,999	(188)	4,335	103
Argentina	1,978	412	1,156	216
Corporate - United States	--	(1,412)	--	(1,005)
Totals	$37,036	$ 2,375	$36,234	$ 1,670

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(1) LM was disposed of in April 2004. For comparative purposes, its results of operations are reflected as a component of discontinued operations.

The table below presents the principal product line components of these sales for the second quarter ended June 30, 2004 and 2003 as follows (dollars in thousands):

	Second Quarter Ended			
	June 30, 2004		June 30, 2003	
	Sales	%	Sales	%
Transaction Cards and Systems	$14,164	38.2%	$12,080	33.3%
Printing Services and Document Management	6,400	17.3%	7,457	20.6%
Security Printing Solutions	16,472	44.5%	16,697	46.1%
Total Sales	$37,036	100.0%	$36,234	100.0%

NOTE J - STOCK BASED COMPENSATION PLANS

As permitted by Financial Accounting Standards Board Statement No. 123, "Accounting for Stock-Based Compensation" ("SFAS 123"), which establishes a fair value based method of accounting for stock-based compensation plans, the Company elected to follow Accounting Principles Board Opinion No. 25 "Accounting for Stock Issued to Employees ("APB No. 25") for recognizing stock-based compensation expense for financial statement purposes. Under APB No. 25, the Company elected the intrinsic value method of accounting and therefore does not recognize compensation expense for options granted. The options were granted with an exercise price of $2.50 which is substantially higher than the negligible trading market price of New Common Stock. The Company has determined that this factor combined with the thinly traded public float of the New Common Stock results in an insignificant value and therefore there is no proforma compensation to be measured. In 2002 the Parent granted 780,000 Management Options which are currently two-thirds vested, 88,531 Consultant Options and 177,061 Equity Options which are both totally vested. All options were granted at an exercise price of $2.50 per share. No options were granted in 2003. At the date of grant, the expiration date of the options was 10 years and currently the remaining contractual life of the options is approximately 8.25 years.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GENERAL

American Banknote Corporation is a holding company. All references to the "Parent" are meant to identify the legal entity American Banknote Corporation on a stand-alone basis. All references to the "Company" are to the Parent and all of its subsidiaries, as a group.

The Parent's principal subsidiaries are: American Bank Note Company ("ABN"), the US operating subsidiary, American Bank Note Ltda. ("ABNB"), a 77.5% owned Brazilian company, CPS Technologies, S.A. ("CPS"), a French company and Transtex S.A. ("Transtex"), an Argentine company.

On April 6, 2004, the Parent entered into a series of agreements with LM, its former 90% owned Australian subsidiary, and the members of the Banking Syndicate, for the purpose of restructuring LM. As a result of this restructuring, the Parent exited as the major shareholder of LM and recognized a non-cash gain on the disposition of LM as a discontinued operation (See Note H for further information). The operations of LM in 2004 are therefore reflected as a component of discontinued operations and as a result the following management's discussion of results of operations will exclude any comparison of LM's operations.

Through its subsidiaries, the Company serves its customers in the regions where it does business through three principal product lines: Transaction Cards and Systems ("TCS"), Printing Services and Document Management ("PSDM"), and Security Printing Solutions ("SPS").

RESULTS OF OPERATIONS

Sales by foreign subsidiaries represented approximately 84% of the Company's consolidated sales for both the six months ended June 30, 2004 and the six months ended June 30, 2003 (excluding LM). Sales by foreign subsidiaries also represented approximately 84% of the Company's consolidated sales for both the second quarter ended June 30, 2004 and the second quarter ended June 30, 2003 (excluding LM). The Company has significant operations in Brazil, Argentina and France, where currencies have experienced significant foreign exchange rate fluctuations against the U.S. Dollar. For the six months ended June 30, 2004, the Company experienced an average exchange rate appreciation in the Brazilian and Argentine currencies of approximately 9% and 3.5%, respectively, against the US Dollar when compared to the six months ended June 30, 2003. The Euro currency experienced an average appreciation of approximately 11% during the same period. For the second quarter ended June 30, 2004, the Company experienced an average exchange rate devaluation of approximately 2% in Brazil and Argentina, respectively when compared to the same period in the prior year. The Euro currency experienced an average appreciation of approximately 6% during the same period. In particular, the Brazilian Real continues to experience tremendous volatility against the US Dollar. Although the average exchange rate for the six months ended June 30, 2004 was R$2.97 to the US Dollar, as of August 9, 2004, the Real had weakened to R$3.03 to the US Dollar, therefore continuing to experience volatility.

ABNB is the Company's largest subsidiary, historically contributing approximately half of the revenues, operating profit and cash flow of the consolidated group, which can be expected to grow as a percentage of the Company's total revenue and operating profit with the deconsolidation of LM, which had historically reported significant losses. Currency devaluation has severely impacted ABNB's cash flow in US Dollar terms, and has therefore threatened its ability to send dividends to the Parent at the same levels as in the past. Although, based on current estimates, it is anticipated that dividends from ABNB (along with those of ABN) will be sufficient to fund the Parent's operating expenses in the foreseeable future, there can be no assurance that further devaluation of the Real or other business developments will not lead to a contrary result. Furthermore, the continued long-term threat of currency devaluation contributes to the likelihood that the Company will be unable to repay its Senior Notes due January 31, 2005. See "Liquidity and Capital Resources" for further information.

THE COMPARISONS THAT FOLLOW ISOLATE AND QUANTIFY THE EFFECT THAT CHANGES IN FOREIGN EXCHANGE RATES HAVE HAD ON THE RESULTS OF OPERATIONS OF THE COMPANY, THEREBY ENABLING COMPARISON OF OPERATING RESULTS OF THE COMPANY'S SUBSIDIARIES IN US CONSTANT DOLLAR TERMS ("CONSTANT DOLLARS"). IN PERFORMING THIS COMPARISON, THE COMPANY UTILIZES A CONSTANT DOLLAR EXCHANGE RATE AS IF THE EXCHANGE RATE FOR THE MOST RECENT PERIOD REMAINED AT THE SAME LEVELS AS THE PRIOR PERIOD FOR WHICH THE COMPARISON IS BEING PERFORMED.

SALES

Sales in the first six months of 2004 increased by $9.0 million or 13.4% from the same period in 2003. Exchange rate appreciation resulted in increased revenues of approximately $5.2 million: $4.3 million attributable to Brazil, $0.8 million attributable to France and $0.1 million attributable to Argentina. After giving effect to exchange rate appreciation, sales increased by $3.8 million in constant dollars, as a result of higher sales in Brazil of $1.9 million, in Argentina of $1.4 million and in the United Sates of $1.5 million, partly offset by lower sales in France of $1.0 million. The net increase in sales in constant dollars is discussed in detail by subsidiary below.

The increase of $1.5 million in sales in the United States was due to increased SPS sales at ABN in secure commercial and government print of $1.6 million, primarily attributable to higher volumes sold in vital record sales and gift certificate printing and related reconciliation and distribution services, as well as increased sales of stock and bond certificates of $0.4 million. These increases were partly offset by $0.5 million in reduced revenue resulting from the termination of the USDA food coupon contract. Although stock and bond certificate sales were stronger when compared to the first six months of 2003, management believes the continued trend toward next day settlement, the overall slow growth in the capital markets and the decreasing overall demand for secure paper-based documents of value that are used in the public and private sector will continue to have a negative effect on the mix of sales and gross margins at ABN.

At Transtex, TCS sales increased by $1.4 million. The increase in TCS sales was primarily due to a higher volume of orders placed in 2004 on prepaid telephone cards, bank cards and non-secure commercial loyalty cards, partly offset by lower prices received on these cards due to competitive pressures. Despite the continued improvement in sales at Transtex, there is no guarantee that this trend will continue as the political and economic environment remain unsettled, credit markets continue to remain highly volatile, and the overall trend in card usage remains uncertain.

In France, the decrease of $1.0 million in TCS sales at CPS was principally due to a $2.1 million loss of its phone card business to a global tender and $0.1 million in lower sales on non-secure commercial loyalty card personalization. These decreases were partly offset by $1.2 million in higher bank card sales, primarily due to new customer orders and to the banks' requirement that CPS purchase and charge them for the cost of non-personalized base stock transactions cards which began in March 2003.

Sales at ABNB in Brazil were $1.9 million higher than in 2003. The net increase is attributable to higher TCS sales resulting from higher volume and price increases on sales of secure credit cards of $3.6 million and phone cards of $0.3 million, and $0.4 million in higher PSDM orders. These increases were partly offset by lower SPS sales of $2.4 million primarily attributable to $3.1 million in lower sales due to a reduction in electronic print volumes resulting from the cancellation of low and negative margin business, partly offset by a $0.7 million increase in sales primarily resulting from a higher volume of orders received on secure government and commercial print.

COST OF GOODS SOLD

Cost of goods sold increased $3.4 million or 6.7% as compared to 2003, with an increase in gross margins of $5.6 million. The impact of exchange rate appreciation accounts for increased cost of goods sold of $3.8 million and increased gross margins of $1.4 million. The effect of exchange rate appreciation by country on cost of goods sold and gross margins respectively was as follows: Brazil - $3.1 million and $1.2 million, France - $0.7 million and $0.1 million and Argentina - $0.1 million and nil.

In constant dollars, cost of goods sold decreased by $0.4 million when compared to 2003, despite the increase in sales discussed above, primarily due to a shift in product mix towards higher margin products, the elimination of low and negative margin contracts (most notably in Brazil), and the reduction of fixed expenses at ABN resulting from plant and labor consolidations. As a result, gross margins in constant dollars increased by approximately $4.2 million when compared to the prior year. The net decrease in cost of goods sold in constant dollars is discussed in detail by subsidiary below.

As a percentage of sales, cost of goods sold decreased to 71.0% in 2004 as compared to 75.5% in 2003. A comparison of the percentage of cost of goods sold by each of the Company's geographic locations to the prior year is as follows:

	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Brazil	70.7%	76.3%
United States	63.6%	69.6%
Argentina	61.1%	57.1%
France	89.9%	84.3%

Cost of goods sold at ABNB in Brazil decreased by $1.2 million from 2003, with an increase in gross margins of $3.1 million. Cost of goods sold as a percentage of sales decreased by 5.6% when compared to 2003. The decrease in cost of goods sold in constant dollar terms was primarily attributable to the favorable change in product mix resulting from increased sales of higher margin TCS secure bank card and phone card sales and SPS secure government and commercial print products and the elimination of low or negative margin contracts on SPS electronic print orders. These decreases in cost of goods sold were partly offset by higher fixed costs primarily attributable to increased maintenance, salaries and communication costs with respect to SPS driver's license, secure government and commercial print, and electronic print and PSDM products, and additional maintenance required on the TCS phone card chemical lines.

Cost of goods sold at ABN increased by $0.3 million and gross margins increased by $1.2 million when compared to the prior year, primarily resulting from the increase in sales. Despite the increase in revenue, as a percentage of sales, cost of goods sold decreased by approximately 6% when compared to the prior year, primarily due to the full year effect of lower fixed costs resulting from the consolidation of ABN's Philadelphia operation into its Tennessee facility in 2003 (See Note E to the Company's Consolidated Financial Statements provided herein for further information).

In Argentina, cost of goods sold at Transtex was approximately $0.9 million higher than in 2003, with an increase in gross margins of $0.5 million, primarily as a result of increased sales. Cost of goods sold as a percentage of sales increased by 4.0% over the prior year. This increase was primarily due to a higher volume of cards produced at lower prices, along with an increase in raw material costs.

At CPS in France, cost of goods sold decreased by approximately $0.4 million when compared to 2003 resulting in a decrease in gross margins of $0.6 million, primarily due to lower sales. As a percentage of sales, cost of goods sold increased by approximately 5.6% from 2003 primarily due to higher costs as a result of the requirement from the banks that CPS purchase the non-personalized base stock transaction card and pass the cost along to the bank and an increase in fixed costs for security, quality control and inventory management. In addition, the increase in costs of goods sold percentage was further impacted by the inability of CPS to further reduce its fixed costs despite the reduction in sales volume principally due to the loss of is phone card business.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses increased by $1.2 million when compared to 2003. Exchange rate appreciation resulted in increases in such expenses of approximately $0.4 million, resulting from exchange rate appreciation increases of $0.3 million in Brazil, $0.1 million in France and nil in Argentina. As a result, the net increase in selling and administrative expense from the prior year in constant dollars was $0.8 million. In constant dollars, ABNB's administrative expense increased by $0.5 million due to increased professional fees and higher wages and social charges, partly offset by $0.1 million in lower selling expenses. In Argentina, selling and administrative expenses increased by $0.1 million, primarily due to an increase in wages and social charges, and a bonus provision resulting from the improved operating results. In addition, Parent Company expenses were $0.4 million higher primarily due to an increase in legal fees to defend certain actions most notably the Lithuania claim (see Legal Proceedings for further information). These increases were partly offset by a $0.1 million decrease at ABN due to a net reduction in personnel. Selling and administrative expenses as a percentage of sales were lower at 14.8 % in 2004 as compared to 14.9% in 2003 as a result of the increase in sales.

RESTRUCTURING

The restructuring charge of $0.4 million in the first six months of 2003 represented severance payments to employees in connection with ABN's decision to close its Philadelphia plant and consolidate all of its manufacturing operations into its Tennessee facility. (See Note E to the Company's Consolidated Financial Statements provided herein for further information).

DEPRECIATION EXPENSE

Depreciation and amortization expense for the first six months of 2004 was $0.8 million higher when compared to the first six months of 2003. Exchange rate appreciation accounts for an increase of approximately $0.5 million, resulting in a net increase of $0.3 million in constant dollars. This increase was primarily related to additional depreciation expense at ABNB and to a lesser extent ABN and CPS, resulting from an increase in capital expenditures for assets placed in service in 2004 and the latter part of 2003.

INTEREST EXPENSE

Interest expense was approximately $0.4 million higher when compared to 2003. This increase resulted primarily from the accrued pay in kind interest on the Parent's Senior Notes, which mature on January 1, 2005 (See "Liquidity and Capital Resources" for further information).

GAIN ON POST-RETIREMENT SETTLEMENT

The $1.4 million non-cash gain with respect to the Parent's Serp represents the actuarial gain resulting from the settlement with the Company's former Chairman and CEO, Morris Weissman (See Note G Gain on Post-Retirement Settlement).

GAIN ON SENIOR NOTE REPURCHASE

In 2003, through privately negotiated transactions, the Parent purchased $6.3 million face amount of bonds for an aggregate purchase price of $2.9 million. The Parent recorded a gain for the six months ended June 30, 2003 of approximately $3.4 million on the repurchase of these bonds reflecting the difference between the face amount and the purchase price. (See "Liquidity and Capital Resources" for further information).

OTHER, NET

Other net income increased by approximately $1.4 million when compared to 2003 primarily resulting from a $0.4 million gain on the sale of ABN's Philadelphia plant in January 2004, a $0.6 million sale by ABN of certain idle currency equipment which was impaired in prior years and miscellaneous sales of equipment and foreign currency transaction gains totaling approximately $0.4 million.

BANKRUPTCY COSTS

Bankruptcy costs were $0.1 million in 2003, and represented the wind down of administrative costs which were reasonable and customary to complete the reorganization process. Any further potential costs in 2004 related to the October 2002 consummated Plan are not expected to be material.

TAXES ON INCOME

Taxes on income are calculated using the effective tax rate for each tax jurisdiction and various assumptions such as state and local taxes and the utilization of foreign taxes in the U.S. The effective tax rate is further adjusted for any permanent differences between the book basis and tax basis of assets and liabilities. In addition, the Company has provided a valuation allowance against its U.S. net operating losses and other U.S. deferred tax assets due to the uncertainty as to the realization of U.S. taxable income in the future.

MINORITY INTEREST

Minority interest represents the 22.5% minority interest in ABNB held by Bradesco Vida e Previdencia S.A., a subsidiary of the Bradesco Group.

COMPARISON OF RESULTS OF THE SECOND QUARTER ENDED JUNE 30, 2004 WITH THE SECOND QUARTER ENDED JUNE 30, 2003

SALES

Sales in the second quarter of 2004 increased by $0.8 million or 2.2% from the second quarter of 2003. Net exchange rate devaluation resulted in decreased net revenues of approximately $0.3 million, resulting from decreases of $0.5 million attributable to Brazil and nil to Argentina, partly offset by exchange rate appreciation increases of $0.2 million in France. After giving effect to exchange rate appreciation, sales increased by $1.1 million in constant dollars, as a result of higher sales in Brazil of $1.0 million, Argentina of $0.9 million, partly offset by lower sales in France of $0.6 million and the United States of $0.2 million. The net increase in sales in constant dollars is discussed in detail by subsidiary below.

The decrease of $0.2 million in sales in the United States was due to a net decrease in SPS sales at ABN of secure, commercial and government print of $0.2 million primarily attributable to lower sales resulting from the timing of $0.7 million in foreign passport orders which were received in the first quarter of this year versus the second quarter of last year for a single government customer. This decrease was partly offset by $0.5 million in higher volumes sold in vital record sales and gift certificate printing and related reconciliation and distribution services. While stock and bond certificate sales were approximately the same when compared to the prior year, management believes the continued trend toward next day settlement, the overall slow growth in the financial markets and the decreasing overall demand for secure paper-based documents of value that are used in the public and private sector will continue to have a negative effect on the mix of sales and gross margins at ABN.

At Transtex, TCS sales increased by $0.9 million. The increase was primarily due to a higher volume of orders placed in 2004, particularly on prepaid telephone cards, bank cards and non-secure commercial loyalty cards. These volume increases were partly offset by competitive price decreases, particularly in bank cards. Despite the continued improvement in sales at Transtex, there is no assurance that this trend will continue as the political and economic environment remain unsettled, credit markets continue to remain highly volatile, and the overall trend in card usage remains uncertain.

In France, the decrease of $0.6 million in TCS sales at CPS was principally due to a $1.5 million loss of its phone card business to a global tender. These decreases were partly offset by $0.7 million in higher sales on bank cards resulting from the addition of new bank customers and a $0.2 million increase in non-secure commercial loyalty card personalization..

Sales at ABNB in Brazil were $1.0 million higher than in 2003. The net increase is attributable to higher TCS sales of $1.8 million resulting from higher volumes and price increases on sales of secure credit cards of $0.4 million and phone cards of $1.4 million and higher SPS sales of $0.1 million resulting from a higher volume of orders received on secure government and commercial print of $0.6 million partly offset by a reduction of $0.5 million in electronic print volumes resulting form the cancellation of low and negative margin business. These increases were partly offset by lower PSDM sales of $0.9 million primarily attributable to a reduction in customer orders.

COST OF GOODS SOLD

Cost of goods sold in the second quarter of 2004 decreased $0.6 million or 2.3% from the second quarter of 2003, with an increase in gross margins of $1.4 million. The impact of net exchange rate devaluation accounts for decreased cost of goods sold of $0.2 million and decreased gross margins of approximately $0.1 million. The effect of net exchange rate devaluation by country on cost of goods sold and gross margins, respectively was as follows: Brazil - $0.4 million and $0.1 million partly offset by exchange rate appreciation in France of $0.2 million and nil. There was no exchange rate impact in Argentina.

After giving effect to the exchange rate appreciation, cost of goods sold in constant dollars decreased by $0.4 million from the second quarter of 2003, despite the increase in sales discussed above, primarily due to a shift in product mix towards higher margin products, the elimination of low and negative margin contracts (most notably in Brazil) and the reduction of fixed expenses at ABN resulting from plant and labor consolidations. As a result, gross margins in constant dollars increased by approximately $1.5 million when compared to the prior year. The net decrease in cost of goods sold and the resulting effect on gross margins in constant dollars is discussed in detail by subsidiary blow.

As a percentage of sales, cost of goods sold decreased to 70.7% in 2004 as compared to 74% in 2003. A comparison of the percentage of cost of goods sold by each of the Company's geographic locations to the prior year is as follows:

	Second Quarter Ended June 30,	
	2004	2003
Brazil	69.7%	74.2%
United States	63.9%	66.6%
Argentina	61.2%	59.4%
France	92.1%	87.2%

Cost of goods sold at ABNB in Brazil decreased by $0.4 million from 2003, with a corresponding increase in gross margins of $1.4 million. Cost of goods sold as a percentage of sales decreased by 4.5% when compared to the prior year. The decrease in costs of goods sold in constant dollar terms was primarily attributable to the favorable change in product mix resulting from increased sales of higher margin TCS secure bank card and phone card sales and SPS secure government and commercial print products, and the elimination of low or negative margin, contracts on SPS electronic print orders. These decreases in cost of goods sold were partly offset by higher fixed costs primarily attributable to increased maintenance, salaries and communication costs with respect to SPS driver's license and secure government and commercial print.

Cost of goods sold at ABN decreased by $0.2 million from 2003 with no change in gross margins when compared to the prior year. As a percentage of sales, cost of goods sold decreased by approximately 6%, when compared to the prior year, primarily due to the full year effect of lower fixed costs resulting from the consolidation of ABN's Philadelphia operation into its Tennessee facility in 2003 (See Note E to the Company's Consolidated Financial Statements provided herein for further information).

In Argentina, cost of goods sold at Transtex was approximately $0.5 million higher than in 2003, which resulted in an increase in gross margins of $0.4 million, primarily due to increased sales. As a percentage of sales, cost of goods sold increased by 1.8% over the prior year primarily due to a higher volume of cards produced at lower prices, along with an increase in raw material costs. In light of the severe ongoing economic crisis in Argentina, there is no guarantee that this improved trend in gross margins will continue.