UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended: December 31, 2009

[ ] 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: 001-34449

AMERICAN LORAIN CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**87-0430320**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

Beihuan Zhong Road
Junan County
Shandong, People's Republic of China, 276600
(Address of principal executive office and zip code)

(86) 539-7318818
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Securities to be registered pursuant to Section 12(b) of the Act.

Title of each class to be so registered	Name of each exchange on which each class is to be registered
Common Stock, $0.001 par value	**NYSE Amex LLC**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

No [X]

Yes [ ]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

No [X]

Yes [ ]

PART I

Item 1. BUSINESS

Conventions

In this annual report on Form 10-K:

- "We," "us" and "our" refer to the combined business of ALN, ILH and their direct and indirect Chinese operating subsidiaries.
- "ALN" refers to American Lorain Corporation, a Nevada corporation (formerly known as Millennium Quest, Inc.).
- "ILH" refers to International Lorain Holding, Inc., a Cayman Islands company that is wholly- owned by ALN.
- "Junan Hongrun" refers to Junan Hongrun Foodstuff Co., Ltd.
- "Luotian Lorain" refers to Luotian Green Foodstuff Co., Ltd.
- "Beijing Lorain" refers to Beijing Green Foodstuff Co., Ltd.
- "Shandong Lorain" refers to Shandong Green Foodstuff Co., Ltd.
- "RMB" refers to Renminbi, the legal currency of China.
- "U.S. dollar," "$" and "US$" refer to the legal currency of the United States.
- "China" and "PRC" refer to the People's Republic of China.

Overview of Our Business

We are an integrated food manufacturing company with headquarters in Shandong Province, China. We develop, manufacture and sell the following types of food products:

- chestnut products,
- convenience foods (including ready-to-cook, or RTC, foods, ready-to-eat, or RTE, foods and meals ready-to-eat, or MRE); and
- frozen food products.

We conduct our production activities in China. Our products are sold in 26 provinces and administrative regions in China and 42 foreign countries. We derive most of our revenues from sales in China, Japan and South Korea. In 2009, our primary strategy was to focus on increasing sales of our chestnut products in the domestic Chinese market and increasing the number of domestic sales to third party distributors. Our primary strategy for 2010 is to expand our brand equity in the Chinese market for our convenience food products. We are also working to expand our brand recognition in China for our chestnut products and frozen products. In addition, we are working to expand our marketing efforts in Asia, Europe and the Middle East. We currently have limited sales and marketing activity in the United States, although our long-term plan is to significantly expand our activities there.

We produced 230 products in 2009, including 19 new products in our convenience foods segment. We also discontinued 23 products in 2009, primarily in our frozen food segment.

Our chestnut products and convenience foods were our main profit centers in 2009. Our convenience foods segment has been the fastest growing portion of our business and was one of the main catalysts of our growth during 2009. Frozen food products accounted for a smaller portion of our revenues in 2009 as compared with 2008 because we have been more focused on generating revenues from higher margin chestnut and convenience food products.

Chestnut Products

We believe that we are the largest chestnut processing manufacturer in China. We have developed brand equity for our chestnut products in China, Japan and South Korea over the past 10 to 15 years. We produced 52 high value-added processed chestnut products in 2009. In 2008 and 2009, this segment contributed 62.7% and 60.7% of our total revenues, respectively.

Our best selling products in 2009 included our aerated open-bottom chestnuts, which are chestnuts packaged with nitrogen; sweetheart chestnuts, which are sweet preserved chestnuts; chestnuts in syrup, which are very popular in Japan and South Korea; and golden chestnut kernels. The majority of our chestnut products are natural and do not contain chemical additives.

The chestnut, in contrast to many other tree nuts, contains small quantities of oil and is very high in complex carbohydrates. This makes them useful for a wider food range than other common nuts. Chestnuts are commonly steamed, boiled, sugar stir-fried, roasted or added into dishes or desserts as an ingredient.

China is the largest grower of chestnuts, followed by South Korea and Japan. In recent years, the chestnut production in South Korea and Japan has declined. This has been attributed to the increasing labor costs and operational costs incurred in growing chestnuts. Because of the declining domestic production, South Korean and Japanese customers have grown to rely more on imported chestnut products. Our strategy is to take advantage of these trends.

We differentiate our chestnut products based on flavor, size and method of packaging. For instance, some of our chestnut products that are sold in Japan are packaged in plastic bags or tin cans, each considered a different product. Similarly, some of our chestnut products are processed with hot water or cold water, each considered a different product.

Chestnut season in China lasts from September to January. We purchase and produce raw chestnuts during these months and store them in our refrigerated storage facilities throughout the year. Once we obtain a purchase order during the rest of the year, we remove the chestnuts from storage, process them and ship them within one day of production.

Convenience Foods

Our convenience food products are characterized as follows:

- Ready-to-cook, or RTC, food products,
- Ready-to-eat, or RTE, food products and
- Meals ready-to-eat, or MRE, food products.

These products are intended to meet the current demands of our customers for safe, wholesome and tasty foods that are easily prepared.

RTCs can be served after a few easy cooking procedures. Typically, when preparing a RTC, customers need only to heat the food in a microwave or boil it for several minutes before eating. Our best selling RTCs in 2009 were beef and lamb products.

RTEs can be served without any cooking. Our best selling RTEs in 2009 were various pickle products. Other RTEs include spiced belt fish, cherry tomato, spicy pork fillet, pork and egg roll, pears and pineapples.

MREs are meal kits with self-heating devices. Our MREs are used in both military and civilian uses, such as camping, traveling and other situations in which a person does not have access to traditional cooking supplies and equipment, such as a stove or microwave. In 2009 we also introduced to market new MRE products that are microwaveable and used by people who do not have time or means to cook or to eat at a restaurant.

We produce various MREs based on Chinese cuisine, the best sellers of which were our pork with garlic sauce over rice and kungpao chicken with rice in 2009. Other MREs are based on other styles of food, such as Italian cuisine. Many of our convenience products are natural and do not contain chemical additives.

We produced 117 convenience food products in 2009, including 16 new products such as candied bean products and MRE microwaveable rice products. In 2008 and 2009, this segment contributed 19.4% and 23.6%, respectively, of our total revenues.

Our convenience foods segment has been the fastest growing portion of our business and was one of the main catalysts of our growth during 2009. We expect our convenience foods segment to continue to be an important area of growth for our business in the future.

Frozen Food Products

We produce a variety of frozen foods, including frozen vegetables, frozen fruits, frozen fish, and frozen meats. We produced 61 frozen food products in 2009. Our best selling frozen foods in 2009 were frozen asparagus and frozen corn.

Our frozen food business allows us to mitigate the significant production seasonality of chestnut products and to increase the utilization rate of our production capacity. Historically, our frozen food division has been a significant portion of our business. With the growth of our convenience food segment, however, revenues and profits from our frozen food products as percentage to total revenue have decreased. In 2008 and 2009, this segment contributed 17.8% and 15.7%, respectively, of our total revenues. Gross margins in this segment are lower than the margins for chestnut products and convenience foods. We expect that the proportionate contribution of this business segment to our total revenues will continue to decline.

Our Manufacturing Facilities

General

We currently manufacture our products in five facilities in China, two of which are located in Junan County, Shandong Province, one in Luotian County, Hubei Province, one in Miyun County, Beijing City and one leased facility in Dongguan, Guandong Province. The following table indicates the year that operations commenced at each of the facilities and the size of the facilities.

Dividend Policy

Pursuant to a Preferred Stock Purchase Agreement with Halter Financial Investments, L.P., dated April 5, 2007, we paid a special cash dividend in the aggregate amount of $415,000, or $0.18 per share, to holders of common stock outstanding on April 16, 2007.

Other than noted above, we have never declared or paid cash dividends. Any future decisions regarding dividends will be made by our board of directors. We currently intend to retain and use any future earnings for the development and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future.

EQUITY COMPENSATION PLAN INFORMATION

Information for our equity compensation plans in effect as of the end of fiscal year 2009 is as follows:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	[1,334,573]	[1.58]	[1,165,427]
Equity compensation plans not approved by security holders	0	N/A	0
Total	[1,334,573]	[1.58]	[1,165,427]

Item 6. SELECTED FINANCIAL DATA

Not applicable.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

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Production Factors that Affect our Financial and Operational Condition

Our business depends on obtaining a reliable supply of various agricultural products, including chestnuts, vegetables, fruits, red meat, fish, eggs, rice, flour and packaging products. During 2009, the cost of our raw materials increased from $64,980,230 to $81,501,168, for an increase of approximately 25.4% . We may have to increase the number of our suppliers of raw materials and expand our own agricultural operations in the future to meet growing production demands. Despite our efforts to control our supply of raw materials and maintain good relationships with our suppliers, we could lose one or more of our suppliers at any time. The loss of several suppliers may be difficult to replace and could increase our reliance on higher cost or lower quality suppliers, which could negatively affect our profitability. In addition, if we have to increase the number of our suppliers of raw materials in the future to meet growing production demands, we may not be able to locate new suppliers who could provide us with sufficient materials to meet our needs. Any interruptions to, or decline in, the amount or quality of our raw materials supply could materially disrupt our production and adversely affect our business and financial condition and financial prospects.

The average price that we paid for chestnuts in 2008 and 2009 was approximately $727 per metric ton and $868 per metric ton, respectively, excluding value added taxes. We do not currently hedge against changes in our raw material prices. Consequently, if the costs of our raw materials increase further and we are unable to offset these increases by raising the prices of our products, our profit margins and financial condition could be adversely affected.

Uncertainties that Affect our Financial Condition

We spend a significant amount of cash on our operations, principally to procure raw materials for our products. Many of our suppliers, including chestnut, vegetable and fruit farmers, and suppliers of packaging materials, require us to pay for their supplies in cash on the same day that such supplies are delivered to us. However, some of the suppliers with whom we have a long-standing business relationship allow us to pay on credit. In 2009, we paid for approximately 48% of our raw materials on credit. We fund the majority of our working capital requirements out of cash flow generated from operations. If we fail to generate sufficient sales, or if our suppliers stop offering us credit terms, we may not have sufficient liquidity to fund our operating costs and our business could be adversely affected.

We also fund approximately 37% of our working capital requirements from the proceeds of short-term loans from Chinese banks. We expect to continue to do so in the future. Such loans are generally secured by our fixed assets, receivables and/or guarantees by third parties. Our average loan balance from short-term bank loans in 2009 was approximately $32.7 million. The term of almost all such loans is one year or less. Historically, we have rolled over such loans on an annual basis. However, we may not have sufficient funds available to pay all of our borrowings upon maturity. Failure to roll over our short-term borrowings at maturity or to service our debt could result in the imposition of penalties, including increases in rates of interest, legal actions against us by our creditors, or even insolvency. In addition, in 2007, 2008 and 2009, we funded approximately $8.8 million, in the aggregate, of our working capital requirements from the proceeds of two private placement transactions conducted in May 2007 and October 2009. We can provide no assurances that we will be able to enter into any future financing or refinancing agreements on terms favorable to us, especially considering the current instability of the capital markets.

We anticipate that our existing capital resources and cash flows from operations and current and expected short-term bank loans will be adequate to satisfy our liquidity requirements through 2010. However, if available liquidity is not sufficient to meet our operating and loan obligations as they come due, our plans include considering pursuing alternative financing arrangements or further reducing expenditures as necessary to meet our cash requirements. However, there is no assurance that, if required, we will be able to raise additional capital or reduce discretionary spending to provide the required liquidity. Currently, the capital markets for small capitalization companies are difficult and banking institutions have become stringent in their lending requirements. Accordingly, we cannot be sure of the availability or terms of any third party financing.

The crisis of the financial and credit markets worldwide in the second half of 2008 has led to a severe economic recession worldwide, and the outlook for 2010 is still uncertain. A continuation or worsening of unfavorable economic conditions, including the ongoing credit and capital markets disruptions, could have an adverse impact on our business, operating results or financial condition in a number of ways. For example, we may experience declines in revenues, profitability and cash flows as a result of reduced orders, delays in receiving orders, delays or defaults in payment or other factors caused by the economic problems of our customers and prospective customers. We may experience supply chain delays, disruptions or other problems associated with financial constraints faced by our suppliers and subcontractors. In addition, changes and volatility in the equity, credit and foreign exchange markets and in the competitive landscape make it increasingly difficult for us to predict our revenues and earnings into the future.

In 2008 and 2009, some of our customers, including some of our large supermarket customers, delayed their payments for up to 60 to 90 days beyond their term. Our cash flow suffered while waiting for such payments. Consequently, at times we had to delay payments to our suppliers and to postpone business expansion as a result of these delayed payments. Starting from 2008 and into 2009, we gradually shortened credit terms for many of our international and domestic customers from between 30 and 180 days to between 30 and 60 days. Our large customers may fail to meet these shortened credit terms, in which case we may not have sufficient cash flow to fund our operating costs and our business could be adversely affected.

Results of Operations

The following tables set forth key components of our results of operations for the periods indicated, and the differences between the two periods expressed in dollars and percentages:

(in thousands of U.S. dollars)	2009	2008	Increase/Decrease ($)	Increase/Decrease (%)
Revenue	146,772	132,360	14,412	10.9%
Cost of Revenue	(114,064)	(101,213)	(12,851)	12.7%
Gross profit	32,708	31,147	1,561	5.0%
Operating Expenses:				
Selling and Marketing	(6,455)	(6,166)	(289)	4.7%
General and administrative	(3,647)	(4,048)	401	-9.9%
Operating Income				
Income from continuing operations	22,606	20,933	1,673	8.0%
Non-operating Income (Expenses):				
Investment Income	0	0	0	0.0%
Government grant	356	329	27	8.2%
Interest income	73	99	(26)	-26.3%
Other income	175	251	(76)	-30.3%
Other expense	(327)	(162)	(165)	101.9%
Interest Expense	(3,352)	(2,770)	(582)	21.0%
Income before taxes	19,531	18,681	850	4.6%
Income Taxes	(4,223)	(3,003)	(1,220)	40.6%
Income before Minority Interest	15,308	15,678	(370)	-2.4%
Minority Interest	(900)	(974)	74	-7.6%
Net Income	14,408	14,703	(295)	-2.0%

Year Ended December 31, 2009Compared to Year Ended December 31, 2008

<u>Revenue</u>

Net Revenues. Net revenues increased by $14.4 million, or approximately 10.9%, to $146.8 million in 2009 from $132.4 million in 2008. This increase was attributable to the increased revenues generated from sales of each of our product segments, as reflected in the following table:

(in thousands of U.S. dollars)	2009 Revenues ($)	2008 Revenues ($)	Increase ($)	Increase (%)
Chestnut Products	89,117	83,028	6,089	7.3%
Convenience Products	34,624	25,737	8,887	34.5%
Frozen Products	23,031	23,596	(565)	-2.4%
Total	146,772	132,360	14,914	11.3%

The greatest increase in volume sold in 2009, as compared to 2008, was in the domestic PRC market. Revenues from sales in the Chinese domestic market increased by approximately $12.1 million, or approximately 13%, in 2009. As a percentage of total revenues, revenues from sales in the domestic PRC market increased to approximately 71% from approximately 69% in 2008.

In addition, in 2009, revenues from sales to Belgium, Hong Kong, Saudi Arabia, Singapore, South Korea, Taiwan and the United States increased, in the aggregate, approximately $8.3 million, or 67.0%, compared to 2008, partially offset by a decrease of an aggregate of $6.5 million, or 22.7%, of sales to France, Germany, Holland, Japan, Malaysia and United Kingdom compared to 2008. See Note 18 to the financial statements contained elsewhere in this report for more information on the breakdown of our sales per geographic region.

Cost of Revenues. Our cost of revenues increased $12.9 million, or approximately 12.7%, to $114.1 million in 2009 from $101.2 million in 2008. This increase was attributable to the following factors, by percentage:

Category	**Allocation of Increase in Cost of Revenues (%)**
Raw Materials	25.4
Currency (RMB) Appreciation	-1.7
Other Allocated Overhead (utilities, freight, equipment consumables)	-9.4
Wages	-3.7
Depreciation	2.0

Raw material costs increased to $81,501,168, or approximately 25.4%, in 2009 from $64,980,230 in 2008. This increase was attributable to the increase by approximately 23% and 53%, respectively, in the volume of raw chestnuts and raw vegetables and fruits purchased in 2009, when compared to 2008. This increase was offset by a decrease of approximately 62% in the volume of raw meats purchased in 2009, when compared to 2008. We purchased a significantly higher volume of raw vegetables and fruits for use in our convenience products because our sales of such products increased significantly in 2009. We purchased a significantly lower volume of raw meat for use in our convenience food products as we focused more on other types of foods in this category.

The following table reflects the changes in our cost of revenues in 2008 as compared to 2007 among our different segments:

(thousands of U.S. dollars)	**2009 Cost of Revenues ($)**	**2008 Cost of Revenues ($)**	**Increase/ (Decrease) (%)**
Chestnut Products	68,263	62,092	9.7
Convenience Products	26,947	20,258	33.0
Frozen Products	18,854	18,863	-0.05
Total	**114,064**	**101,213**	12.6%

Gross Profit. Our gross profit increased $1.6 million, or 5.0%, to $32.7 million in 2009 from $31.1 million in 2008 as a result of higher net revenues, partially offset by higher cost of revenues, for the reasons indicated above.

Operating Expenses

Selling and Marketing Expenses. Our selling and marketing expenses increased approximately $0.3 million, or 4.7%, to $6.5 million in 2009 from $6.2 million in fiscal year 2008. The following table reflects the main factors that contributed to this increase as well as the dollar amount that each factor contributed to this increase:

(in U.S. dollars)	**Increase in costs in 2009 over 2008**
Shipping and inspection fees	529,256
Port surcharges	6,632
Commissions	100,397
Supermarket fees	142,020
Wages (sales personnel)	419,463

The increases listed in the table above were partially offset by an aggregate of $897,768 decreases of other factors, including customer lodging, phone, postage and courier charges, toll road expense, warehousing costs and expenses for professional movers.

General and Administrative Expenses. Our general and administrative expenses decreased approximately $0.4 million, or 9.9%, to $3.6 million in 2009 from $4.0 million in 2008. The following table reflects the main factors that contributed to this decrease as well as the dollar amount that each factor contributed to this increase:

(in U.S. dollars)	**Decrease in costs in 2009 over 2008**
Personnel Benefits (non-wage benefits)	(530,533)
Consultation fees	(269,249)
Travel Expenses	(95,662)
Insurance fees	(45,866)
Agent fees	(20,213)

Government Subsidy Income

Government subsidy income increased from approximately $329,000 million in 2008 to approximately $356,000 in 2009, representing grants received from the Hubei government, Junan County government and Miyun County government to assist us in our research and business development.

Income Before Taxation and Minority Interest

Income before taxation and minority interest increased $0.85 million, or 4.6%, to $19.5 million in 2009 from $18.7 million in 2008 as a result of higher revenues, partially offset by higher costs of revenues and operating expenses, for the reasons indicated above.

Income Taxes

Income taxes increased $1.2 million, or 40.6%, to $4.2 million in 2009, as compared to $3.0 million in 2008. This increase was attributable to the higher income earned in 2009 as compared to 2008. Effective January 1, 2008, the PRC government implemented a new 25% tax rate across the board for all enterprises, without any tax holiday. However, the PRC government has established a set of transition rules to allow enterprises that already started tax holidays before January 1, 2008 to continue utilizing such tax holidays until they are fully utilized. The income tax rates applicable to our Chinese operating subsidiaries in 2008, 2009, and 2010 are depicted in the following table:

Income Tax	**2008**	**2009**	**2010**
Junan Hongrun	15%	25%	25%
Luotian Lorain	15%	15%	25%
Beijing Lorain	0%	15%	15%
Shangdong Lorain	25%	25%	25%

Minority Interest.

The Company holds 80.2% of the equity of its subsidiary Shandong Lorain, which is reflected in the minority interest of $0.90 million in 2009 and $0.97 million in 2008.

Net Income.

Net income decreased $0.3 million, or 2.0%, to $14.4 million in 2009 from $14.7 million in fiscal year 2008, as a result of the factors described above.

Liquidity and Capital Resources

General

Our primary capital needs have been to fund the working capital requirements necessitated by our sales growth, adding new products and expansion of our facilities. In the past, our primary sources of financing have been cash generated from operations and short-term loans from banks in China. In October 2009, we obtained approximately $12 million from a private placement transaction. Proceeds from such transaction, together with cash generated from operations and short-term bank loans, have been used to fund our working capital needs. We used part of the proceeds of the private placement in 2009 to advertise and market our chestnut and convenience food products in China. At December 31, 2009, total unused proceeds from the private placement were approximately $7 million. At December 31, 2009, cash and cash equivalents (including restricted cash) were $13.4 million, as compared to $6.6 million at December 31, 2008.

We expect to continue to finance our operations and working capital needs in 2010 from cash generated from operations and short-term bank loans. In addition, we currently plan to finance or refinance approximately $20.2 million in the form of short-term bank loans in 2010. Currently, we have negotiated loans with certain banks in China for an aggregate of $42.2 million. We expect that anticipated cash flows from operations and short-term bank loans will be sufficient to fund our operations through at least the next twelve months.

If available liquidity is not sufficient to meet our operating and loan obligations as they come due, our plans include pursuing alternative financing arrangements or reducing expenditures as necessary to meet our cash requirements. However, there is no assurance that we will be able to raise additional capital or reduce discretionary spending to provide required liquidity. Currently, the capital markets for small capitalization companies are difficult. Accordingly, we cannot be sure of the availability or terms of any alternative financing arrangements.

The following table provides detailed information about our net cash flow for all financial statements periods presented in this report.

Cash Flows Data:

(in thousands of U.S. dollars)	For year ended December 31,	
	2009	2008
Net cash flows provided by (used in) operating activities	(10,843)	19,508
Net cash flows provided by (used in) investing activities	(7,280)	(20,316)
Net cash flows provided by (used in) financing activities	26,503	(6,714)

Operating Activities

Net cash used in operating activities for 2009 was $10.8 million and net cash provided by operating activities for 2008 was $19.5 million. The increase of approximately $30.3 million in net cash flows used in operating activities resulted primarily from an additional increase in accounts and other receivable of approximately $11.6 million, an additional decrease in accounts and other payables of approximately $3.1 million and an additional increase in prepayments of approximately $20.8 million, partially offset by less inventory increase of approximately $5.3 million. In 2009, we were required to increase our prepayments and pay our suppliers on shorter terms, thereby decreasing our accounts payable.

Investing Activities

Our uses of cash for investment activities are primarily purchase of land for short-term investment.

Net cash used in investing activities for 2009 was $7.28 million and $20.3 million, respectively, for 2009 and 2008. The decrease of approximately $13.0 million resulted primarily from a decrease of $12.0 million as a result of the purchase of plant and equipment in 2009.

Financing Activities

Net cash provided by financing activities for 2009 was $26.5 million and net cash used in financing activities for 2008 was $6.7 million. The increase of approximately $33.2 million in net cash provided by financing activities resulted primarily from an increase of $10.9 million in paid-in capital provided in connection with a private placement in October 2009 and an increase of approximately $72.7 million in bank borrowings, partially offset by an increase of approximately $50.4 million in repayment of bank borrowings and notes.

AMERICAN LORAIN CORPORATION

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2009 AND 2008
(Stated in US Dollars)

	Note	2009	2008
ASSETS			
Current assets			
Cash and cash equivalents		$ 12,111,532	$ 2,841,339
Restricted cash	3	1,299,889	3,715,998
Short-term investment		7,320,248	113,069
Trade accounts receivable	4	23,025,772	25,293,326
Other receivables	5	7,837,675	5,107,719
Related party receivable	6	603,116	-
Inventory	7	26,400,117	24,827,922
Advance to suppliers		16,938,872	415,009
Prepaid expenses and taxes		905,266	1,228,648
Deferred tax asset		199,867	-
Total current assets		$ 96,642,354	$ 63,543,030
Property, plant and equipment, *net*	8	41,280,407	40,201,686
Land use rights, *net*	9	3,871,547	3,950,927
Deposit		16,088	-
TOTAL ASSETS		$ 141,810,396	$ 107,695,643
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities			
Short-term bank loans	10	$ 35,488,212	$ 14,414,996
Notes payable	11	-	5,208,485
Accounts payable		2,614,515	6,072,883
Taxes payable	12	2,235,341	2,926,793
Accrued liabilities and other payables	13	6,422,492	10,291,237
Customers deposits		13,842	748,732
Total current liabilities		$ 46,774,402	$ 39,663,126
Long-term bank loans	14	294,873	576,975
TOTAL LIABILITIES		$ 47,069,275	$ 40,240,101

See Accompanying Notes to the Financial Statements and Accountant's Report

	Note	12/31/2009	12/31/2008
STOCKHOLDERS' EQUITY			
Preferred Stock, $.001 par value, 5,000,000 shares authorized; 0 shares issued and outstanding at December 31, 2009 and 2008		-	-
Common stock, $0.001 par value, 200,000,000 shares authorized; 30,240,202 and 25,172,640 shares issued and outstanding as of December 31, 2009 and 2008, respectively	16	30,240	25,172
Additional paid-in capital		35,268,603	24,187,019
Statutory reserves		8,895,477	5,438,723
Retained earnings		38,455,349	27,503,991
Accumulated other comprehensive income		6,068,569	5,178,616
Non-controlling interests	15	6,022,883	5,122,021
		$ 94,741,121	$ 67,455,542
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		$ 141,810,396	$ 107,695,643

See Accompanying Notes to the Financial Statements and Accountant's Report

AMERICAN LORAIN CORPORATION

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Stated in US Dollars)

	Note	2009	2008
Net revenues	18	$ 146,772,442	$ 132,360,317
Cost of revenues		(114,064,067)	(101,213,340)
Gross profit		$ 32,708,375	$ 31,146,977
Operating expenses			
Selling and marketing expenses		(6,454,953)	(6,166,248)
General and administrative expenses		(3,646,815)	(4,047,988)
		(10,101,768)	(10,214,236)
Operating income		$ 22,606,607	$ 20,932,741
Government subsidy income		355,656	328,687
Interest income		73,186	99,411
Other income		175,117	251,317
Other expenses		(327,281)	(161,726)
Interest expense		(3,351,606)	(2,769,597)
		(3,074,928)	(2,251,908)
Earnings before tax		$ 19,531,679	$ 18,680,833
Income tax	17	(4,222,705)	(3,003,265)
Net income		$ 15,308,974	$ 15,677,568
Net income attributable to:			
- Common stockholders		14,408,112	14,703,378
- Non-controlling interests		900,862	974,190
		15,308,974	15,677,568
Earnings per share			
- Basic		$ 0.55	$ 0.58
- Diluted		0.55	0.58
Weighted average shares outstanding			
- Basic		26,075,413	25,172,640
- Diluted		26,264,794	25,172,640

See Accompanying Notes to the Financial Statements and Accountant’s Report

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes [ ] No [X]

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 requirements for the past 90 days.

Yes [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]	Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes [ ] No [X]

The number of shares and aggregate market value of common stock held by non-affiliates as of the last business day of the registrant's most recently completed second fiscal quarter were 8,820,471 and $21,521,959.24, respectively.

There were 30,242,202 shares of common stock outstanding as of April 8, 2010.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The following table sets forth the name, age and position of each of our current executive officers and directors.

Name	Age	Position
Si Chen	47	Chairman, Chief Executive Officer, President and Director
Yundong Lu	35	Chief Operating Officer and Director
Maoquan Wei	63	Director
Dekai Yin	57	Director
Yongjun Li	48	Director
Tad M. Ballantyne	55	Director

MR. SI CHEN. Mr. Chen became our chief executive officer and director in May 2007 upon the completion of our recapitalization, and was also appointed our president in September 2009. Mr. Chen founded Shandong Lorain, our first subsidiary, in 1994, and served as the chairman of our subsidiaries since that time. Mr. Chen earned an associate degree from Linyi Normal University. Mr. Chen has been our Company's founder and Chairman and Chief Executive Officer since inception. He is the individual most familiar with our business and industry, including the regulatory structure and other industry-specific matters, as well as being most capable of effectively identifying strategic priorities and leading the discussion and execution of strategy.

MR. YUNDONG LU. Mr. Lu was appointed as our Chief Operating Officer and was elected as a member of our board of directors effective August 1, 2008. Mr. Lu joined the Company in 1994 and has held various positions since then. From April 2003 to May 2005, Mr. Lu was the General Manager of Beijing Lorain and the Deputy General Manager of our subsidiaries. From May 2005 to February 2007, Mr. Lu was the General Manager of Lorain International Trading and the Deputy General Manager of our subsidiaries. From February to August 2008, Mr. Lu was the General Manager of our subsidiaries. Mr. Lu was recognized as an Outstanding Entrepreneur in Shandong Province in 2007. Mr. Lu earned an MBA from Shandong University and a Bachelor of Arts degree from Shandong University. Mr. Lu, has been our Company's Chief Operating Officer since 2008 and he has worked with our Company since 1994. Because of his tenure with the Company, he is familiar with our business and industry, including the regulatory structure and other industry-specific matters.

MR. MAOQUAN WEI. Mr. Wei, who has served as a member of our board of directors since 2008, is a retired government official who held various positions in the government of Junan County, Shandong Province, China from 1990 to 2003, during which time Mr. Wei was responsible for overseeing the agricultural development of Junan County in the Shandong Province of China. Most recently, from 1998 to 2003, Mr. Wei was the Chairman of the Political Conservative Conference of Junan County. Mr. Wei also served as the Deputy Secretary of County Committee and Deputy Chairman of Junan County. Mr. Wei has helped lead Junan County to win numerous honors, including Top 100 National Fruit Products County and National Chestnut Base County. Although retired, Mr. Wei's expertise and experience with the agricultural economy and resources in the countryside is invaluable to our business.

MR. DEKAI YIN. Mr. Yin was appointed one of our directors in September 2009. He has been working as the President of Zibo branch of the Agricultural Bank of China since 2004. Before that position, Mr. Yin served as the Vice President and the President at Linyi branch of the Agricultural Bank of China from 1995-2004. Mr. Yin has a degree in economic management and is regarded as a senior economist due to his distinguished expertise in the banking and accounting industries and economic development. Our company greatly benefits from Mr. Yin's invaluable expertise in banking and accounting systems and operations.

MR. YONGJUN LI. Mr. Li was appointed one of our directors in September 2009. He has been working as the County Governor Assistant of Miyun County, the General Manager of Beijing Economic Development Zone Headquarters, and the Director of Beijing Economic Development Zone Managing Committee since 1997. Mr. Li is an economist with advanced expertise in economic and industrial development. Mr. Li also has advanced experience and expertise in supply chain and strategic marketing as an adviser and consultant to companies in the economic development zone. The company significantly benefits from Mr. Li's outstanding economics and industry knowledge of the operations in China.

MR. TAD M. BALLANTYNE. Mr.Ballantyne was appointed one of our directors in September 2009. He is also an officer and director of several private and public companies, including BR Industries, Inc, Hoopeston Foods, Inc, Thomsen Group, LLC, and Pacific Rim Foods Ltd. He also serves as an independent director and financial expert on the audit committee of Life Partners Holdings Inc. and Creat Resources Holdings Ltd., as an independent director of Mach One Corporation and Empire Energy Corporation International, and is an adviser of international affairs and/or director of a number of China-based private enterprises, including TCIB Investment Co. Ltd, Jilin Jimei Foods Ltd and Creat Group. During 2003, Texas Steel Partners Inc, a Texas based steel foundry, filed for reorganization and was liquidated pursuant to a bankruptcy Chapter 7 conversion. Mr. Ballantyne was an officer and director and a 50% shareholder of Texas Steel Partners Inc. During the last 20 years, Mr. Ballantyne has been active in acquiring and operating troubled companies or assets being divested by public and private companies and has focused over the last 5 years on food processing plants in both the United States and Asia. He holds a Bachelor of Science degree in business management from the University of Wisconsin-Parkside. Our Company greatly benefits from Mr. Ballantyne’s experience as an officer and director of other public and private companies, including companies in the food industry in the United States and Asia.

There are no arrangements or understandings between any of our directors and any other person pursuant to which any director was selected to serve as a director of our company. Directors are elected until their successors are duly elected and qualified. There are no family relationships among our directors or officers.

Audit Committee

The Audit Committee assists our board in monitoring:

- our accounting, auditing, and financial reporting processes;
- the integrity of our financial statements;
- internal controls and procedures designed to promote our compliance with accounting standards and applicable laws and regulations; and
- the appointment and evaluation of the qualifications and independence of our independent auditors.

Dekai Yin, Yongjun Li, Tad M. Ballantye, and Maoquan Wei, all of whom are independent directors under SEC rules and the rules of NYSE Amex, are currently serving as members of the Audit Committee. Mr. Yin is the chairman of the Audit Committee and our audit committee financial expert.

The Audit Committee has adopted a written charter, a copy of which is available on our website on the Corporate Governance page under the Investor link at http://www.americanlorain.com, and a printed copy of which is available to any shareholder requesting a copy by writing to: American Lorain Corporation, c/o Yinglee Tseng, 4401 Prudence St., Baltimore, MD 21226.

Shareholder Nominations for Director

Shareholders may propose candidates for board membership by writing to American Lorain Corporation, c/o Yinglee Tseng, 4401 Prudence St., Baltimore, MD 21226. Any such proposal shall contain the name, holdings of our securities and contact information of the person making the nomination; the candidate's name, address and other contact information; any direct or indirect holdings of our securities by the nominee; any information required to be disclosed about directors under applicable securities laws and/or stock exchange requirements; information regarding related party transactions with our company and/or the stockholder submitting the nomination; any actual or potential conflicts of interest; the nominee's biographical data, current public and private company affiliations, employment history and qualifications and status as "independent" under applicable securities laws and stock exchange requirements. Nominees proposed by stockholders will receive the same consideration as other nominees.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of our common stock to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission, which we also refer to throughout this report as the SEC. Based solely on our review of the copies of such forms furnished to us and written representations from our executive officers, directors and such beneficial owners, we believe that all filing requirements of Section 16(a) of the Exchange Act were timely complied with during the fiscal year ended December 31, 2009, except that each of Messrs. Ballantyne, Li and Yin filed a late Form 3 upon becoming a Section 16 filer and Mr. Si Chen filed a late Form 4 in connection with a sale of securities.

Code of Ethics

Our Board adopted a Code of Ethics that applies to all of our directors, executive officers, including our principal executive officer, principal financial officer and principal accounting officer, and employees. The Code of Ethics addresses, among other things, honesty and ethical conduct, conflicts of interest, compliance with laws, regulations and policies, including disclosure requirements under the federal securities laws, confidentiality, trading on inside information, and reporting of violations of the code. The Code of Ethics is available on the Corporate Governance page of our website under the Investor link at www.americanlorain.com, and a copy of the Code of Ethics is available to any shareholder requesting a copy by writing to: American Lorain Corporation, Attn: Corporate Governance, Beihuan Zhong Road, Junan County, Shandong, China 276600. We intend to disclose on our website, in accordance with all applicable laws and regulations, amendments to, or waivers from, our Code of Ethics.

Executive Officers

Our executive officers are appointed by our Board and serve at their discretion. The following table sets forth the name, age and position of each of our current executive officers as well as the date that each officer began their service as an executive officer.

Name	Age	Position	Executive Officer Since
Si Chen	47	Chairman, Chief Executive Officer, President and Director	2007
Yilun Jin	35	Chief Financial Officer and Treasurer	2008
Yundong Lu	35	Chief Operating Officer and Director	2008

See "Directors" on page 1 above for information on Messrs. Chen and Lu.

MR. YILUN JIN. Mr. Jin became our chief financial officer and treasurer on September 22, 2008. Prior to his appointment, Mr. Jin served in various capacities at Citigroup since 2002, most recently as Vice President of Markets and Banking. Mr. Jin graduated from Thunderbird School of Global Management in 2002, earning a Master of Business Administration degree in International Management, with a specialization in Finance, and was honored with a Citigroup Fellowship. Mr. Jin served as manager of the Corporate Finance Division at the Shanghai Branch of the Bank of Tokyo-Mitsubishi Ltd. from August 1997 until July 2000. Mr. Jin earned a Bachelor of Arts degree in economics from Fudan University in Shanghai, China in 1997. Mr. Jin is also a CFA charterholder and is fluent in English and Mandarin.

There are no arrangements or understandings between any of our executive officers and any other person pursuant to which any executive officer was selected to serve as an executive officer of our company.

ITEM 11. EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information concerning all compensation earned by our named executive officers in 2007, 2008 and 2009 for services provided to us and our subsidiaries. None of our executive officers earned compensation that exceeded $100,000 in 2008. Other than Mr. Jin in 2009, none of our executive officers earned compensation that exceeded $100,000 in 2007, 2008 or 2009.

Name and Principal Position	**Year**	**Salary ($)**	**Stock Awards ($) (1)**	**Option Awards ($) (2)**	**All Other Compensation ($) (3)**	**Total ($)**
Si Chen	2007	59,000	-	-	-	59,000
Chief Executive	2008	63,065	-	-	2,000	65,065
Officer	2009	66,000	-	-	-	66,000
Yilun Jin	2007	-	-	-	-	-
Chief Financial	2008	-	-	-	-	-
Officer	2009	99,795	14,779	1,727	-	116,301
Yundong Lu	2007	-	-	-	-	-
Chief Operating	2008	-	-	-	-	-
Officer	2009	58,000	1,148	2,729	-	61,877

(1) This column represents the fair value of the stock award on the grant date determined in accordance with the provisions of ASC 718.

(2) This column represents the fair value of the stock option on the grant date determined in accordance with the provisions of ASC 718.

(3) Represents payments made for the benefit of Mr. Chen for life insurance coverage.

Pursuant to Mr. Chen's employment agreement, we paid Mr. Chen a base salary of $59,000, $63,065 and $66,000 in 2007, 2008 and 2009, respectively, in cash. Mr. Chen's employment agreement does not provide any change in control or severance benefits and we do not have any separate change-in-control agreements with Mr. Chen or any of our other executive officers.

Pursuant to Mr. Jin's employment agreement, we paid Mr. Jin a base salary of $99,795 in 2009 in cash and we granted Mr. Jin 10,460 shares of common stock. Mr. Jin's employment agreement does not provide any change in control or severance benefits.

Outstanding Equity Awards

	Option Awards				Stock Awards	
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c) (1)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)
Yilun Jin	-	21,248	$1.58	7/27/14		
Yundong Lu	-	33,580	$1.58	7/27/14		

(1) Options vest 33% per year over 3 years from date of grant.

Director Compensation

On August 1, 2008, Mr. Hao Chen, Mr. David Yaudoon Chiang and Mr. Maoquan Wei were appointed as independent members of our Board and as members of our Board committees. On September 17, 2009, Mr. Chiang and Mr. Hao Chen resigned from the Board. Mr. Hao Chen was paid RMB 100,000 (approximately US $14,641) per year for his Board and Board committee service. Mr. Chiang was paid US $25,000 per year plus $5,000 for each board meeting attended by Mr. Chiang, as compensation for his Board and Board committee service. Mr. Wei is paid RMB 100,000 (approximately US $14,641) per year. In addition, in 2009, we granted stock options and stock awards to Messrs. Hao Chen, Chiang and Wei under our 2009 Incentive Stock Option Plan, as set forth in the table below.

On September 17, 2009, Messrs. Dekai Yin, Yongjun Li and Tad Ballantyne were appointed as independent members of our Board and as members of our Board committees. Messrs. Yin, Li and Ballantyne are paid RMB 100,000 (approximately US $14,641) per year.

We may reimburse our non-employee directors for reasonable travel expenses related to attendance at board or board committee meetings. In 2009, we did not make any such reimbursements.

Our policy is not to pay compensation to directors who are also employees of the Company or its subsidiaries. As a result, Mr. Si Chen and Mr. Yundong Lu did not receive any compensation in 2009 for their service as directors.

The following table reflects the compensation earned by our directors in 2009:

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($) (1)	Option Awards ($) (2)	All Other Compensation ($)	Total ($)
Hao Chen	10,980	275	655	-	11,910
David Yaudoon Chiang	21,500	275	655	-	22,430
Maoquan Wei	14,640	275	655	-	15,570
Dekai Yin	3,660	-	-	-	3,660
Yongjun Li	3,660	-	-	-	3,660
Tad Ballantyne	3,660	-	-	-	3,660

(1) This column represents the fair value of the stock award on the grant date determined in accordance with the provisions of ASC 718.

(2) This column represents the fair value of the stock option on the grant date determined in accordance with the provisions of ASC 718.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Securities Authorized for Issuance Under Equity Compensation Plans

Please see Part II, Item 5 of our Annual Report on Form 10-K filed on March 29, 2010 for a tabular representation of our equity compensation plan.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth information regarding beneficial ownership of our common stock as of April 15, 2010 (i) by each person who is known by us to beneficially own more than 5% of our common stock; (ii) by each of our named executive officers and directors; and (iii) by all of our officers and directors as a group. Beneficial ownership is determined in accordance with the rules of the SEC that deem shares to be beneficially owned by any person who has voting or investment power with respect to such shares. Except as otherwise indicated, the persons listed below have advised us that they have direct sole voting and investment power with respect to the shares listed as owned by them.

Unless otherwise specified, the address of each of the persons set forth below is c/o American Lorain Corporation, Beihuan Zhong Road, Junan County, Shandong, China 276600.

In the table below, percentage ownership is based on 30,242,202 shares of our common stock outstanding as of April 8, 2010.

Name and Title of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Mr. Si Chen, Chairman, CEO and President	16,108,589	53.3%
Jayhawk Capital Management LLC (1)	2,959,219	9.8%
Guerilla Capital Management, LLC	2,218,567	7.3%
Mr. Yundong Lu, COO and Director	34,307	*
Mr. Yilun Jin, CFO	26,708	*
Mr. Dekai Yin, Director	-	-
Mr. Yongjun Li, Director	-	-
Mr. Tad M. Ballantyne, Director	-	-
Mr. Maoquan Wei, Director	8,234	*
All officers and directors as a group (7 persons)	16,177,838	53.5%

* Less than 1%

(1) Based on information supplied by Jayhawk Private Equity Fund, L.P., Jayhawk Private Equity Co-Invest Fund, L.P., Jayhawk Private Equity GP, L.P., Jayhawk Capital Management LLC and Kent McCarthy in a Schedule 13G/A filed with the SEC on February 16, 2010. The address of each of these entities is 8201 Mission Road, Suite 110, Prairie Village, Kansas 66208. Jayhawk Private Equity Fund, L.P. has shared power to vote or to dispose of 2,783,939 shares.

Jayhawk Private Equity Fund, L.P. has shared power to vote or to dispose of 175,280 shares. Jayhawk Private Equity GP, L.P, Jayhawk Capital Management LLC and Kent McCarthy have shared power to vote or to dispose of 2,959,219 shares.

(2) Based on information supplied by Guerilla Capital Management, LLC, Peter Siris, Leigh S. Curry and Hua-Mei 21st Century Partners, LP in a Schedule 13G/A filed with the SEC on February 16, 2010. The address of each of these entities is 237 Park Avenue, 9th Floor, New York, New York 10017. Guerilla Capital Management, LLC, Peter Siris and Leigh S. Curry have shared power to vote or to dispose of 2,218,567 shares. Hua-Mei 21st Century Partners, LP has shared power to vote or to dispose of 1,392,489 shares.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Related Party Transactions

Since January 1, 2008, there have been no transactions between members of management, five percent stockholders, affiliates, promoters and finders.

Director Independence

We are a controlled company because over 50% of the voting power of our company is held by Mr. Si Chen. As such, we are not required to have a majority of independent directors. Our board has determined that Messrs. Yin, Li, Ballantyne and Wei satisfy the criteria for independence under NYSE Amex and SEC rules for independence of directors and of committee members.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Audit Fees. We paid aggregate fees of approximately $125,000 and $125,000 for the fiscal years ended December 31, 2009 and December 31, 2008, respectively, to Samuel H. Wong & Co., LLP for professional services rendered by such firm for the audit and review of the financial statements included in our annual report on Form 10-K and for the review of the financial statements included in our quarterly reports on Form 10-Q.

Audit-Related Fees. We paid aggregate fees to Samuel H. Wong & Co., LLP of approximately $3,963 for the fiscal year ended December 31, 2009 for travel expenses and $9,000 for the fiscal years ended December 31, 2008 for reviewing the financial statements in our registration statement on Form S-1, as amended.

Tax Fees. We paid aggregate fees of approximately $5,000 for each of the fiscal years ended December 31, 2009 and December 31, 2008 to Samuel H. Wong & Co., LLP for professional services rendered for tax compliance, tax advice and tax planning.

All Other Fees. We did not pay any fees to Samuel H. Wong & Co., LLP for any other professional services during the fiscal years ended December 31, 2009 and December 31, 2008.

Board of Directors Pre-Approval Policies and Procedures

The Audit Committee has the sole authority to review in advance and grant any pre–approvals of (i) all auditing services to be provided by the independent auditor, (ii) all significant non–audit services to be provided by the independent auditors as permitted by Section 10A of the Exchange Act, and (iii) all fees and the terms of engagement with respect to such services, except that the Audit Committee may delegate the authority to pre–approve non–audit services to one or more of its committee members who will present its decisions to the full Audit Committee at the first meeting following such decision. Following the Company's establishment of an Audit Committee on August 1, 2008, all audit and non–audit services performed by Samuel H. Wong & Co., LLP during fiscal 2008 and 2009 were pre–approved pursuant to the procedures outlined above. Prior to the establishment of the Audit Committee, all services of the independent auditors were approved by the full board of directors.