Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▸ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A This return/report is for:
- ☐ a multiemployer plan;
- ☐ a multiple-employer plan; or
- ☒ a single-employer plan;
- ☐ a DFE (specify) ____

B This return/report is:
- ☐ the first return/report;
- ☐ the final return/report;
- ☐ an amended return/report;
- ☐ a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▸ ☐

D Check box if filing under:
- ☒ Form 5558;
- ☐ automatic extension;
- ☐ the DFVC program;
- ☐ special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
ANVIL CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▸ 002

1c Effective date of plan
12/04/1996

2a Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
ANVIL CORPORATION

1675 W. BAKERVIEW RD.
BELLINGHAM, WA 98226

1675 W. BAKERVIEW RD.
BELLINGHAM, WA 98226

2b Employer Identification Number (EIN)
91-0865773

2c Sponsor's telephone number
360-671-1450

2d Business code (see instructions)
541330

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/15/2010	CHRIS HARRELL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
ANVIL CORPORATION

1675 W. BAKERVIEW RD.
BELLINGHAM, WA 98226

3b Administrator's EIN
91-0865773

3c Administrator's telephone number
360-671-1450

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	525
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	417
b	Retired or separated participants receiving benefits	**6b**	
c	Other retired or separated participants entitled to future benefits	**6c**	161
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	578
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	579
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	579
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	33
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2O

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)
- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

9b Plan benefit arrangement (check all that apply)
- **(1)** ☐ Insurance
- **(2)** ☐ Code section 412(e)(3) insurance contracts
- **(3)** ☒ Trust
- **(4)** ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules
- **(1)** ☐ **R** (Retirement Plan Information)
- **(2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- **(3)** ☐ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules
- **(1)** ☒ **H** (Financial Information)
- **(2)** ☐ **I** (Financial Information – Small Plan)
- **(3)** ☐ ___ **A** (Insurance Information)
- **(4)** ☐ **C** (Service Provider Information)
- **(5)** ☐ **D** (DFE/Participating Plan Information)
- **(6)** ☐ **G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	**Financial Information** This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ▶ **File as an attachment to Form 5500.**	OMB No. 1210-0110 **2009** **This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan
ANVIL CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 002

C Plan sponsor's name as shown on line 2a of Form 5500
ANVIL CORPORATION

D Employer Identification Number (EIN)
91-0865773

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		**(a)** Beginning of Year	**(b)** End of Year
a Total noninterest-bearing cash	**1a**		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	**1b(1)**		
(2) Participant contributions	**1b(2)**		
(3) Other	**1b(3)**		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	**1c(1)**		
(2) U.S. Government securities	**1c(2)**		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	**1c(3)(A)**		
(B) All other	**1c(3)(B)**		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	**1c(4)(A)**		
(B) Common	**1c(4)(B)**		
(5) Partnership/joint venture interests	**1c(5)**		
(6) Real estate (other than employer real property)	**1c(6)**		
(7) Loans (other than to participants)	**1c(7)**		
(8) Participant loans	**1c(8)**		
(9) Value of interest in common/collective trusts	**1c(9)**		
(10) Value of interest in pooled separate accounts	**1c(10)**		
(11) Value of interest in master trust investment accounts	**1c(11)**		
(12) Value of interest in 103-12 investment entities	**1c(12)**		
(13) Value of interest in registered investment companies (e.g., mutual funds)	**1c(13)**		
(14) Value of funds held in insurance company general account (unallocated contracts)	**1c(14)**		
(15) Other	**1c(15)**		

		(a) Beginning of Year	(b) End of Year
1d Employer-related investments:			
(1) Employer securities	1d(1)	18745942	21619180
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	18745942	21619180
Liabilities			
g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through1j)	1k		
Net Assets			
l Net assets (subtract line 1k from line 1f)	1l	18745942	21619180

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	1600000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		1600000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		
(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		

		(a) Amount	**(b)** Total
2b **(5)** Unrealized appreciation (depreciation) of assets: **(A)** Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	2876705	
(C) Total unrealized appreciation of assets. Add lines **2b(5)(A)** and **(B)**	2b(5)(C)		2876705
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		4476705

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1603467	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines **2e(1)** through **(3)**	2e(4)		1603467
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: **(1)** Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines **2i(1)** through **(4)**	2i(5)		
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1603467

Net Income and Reconciliation

k Net income (loss). Subtract line **2j** from line **2d**	2k		2873238
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [X] Unqualified **(2)** [ ] Qualified **(3)** [ ] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [ ] Yes [X] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: VARNER SYTSMA HERNDON **(2)** EIN: 91-1504401

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:		Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	**4a**		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	**4b**		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	**4c**		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	**4d**		X	
e Was this plan covered by a fidelity bond?	**4e**	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	**4f**		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4g**		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	**4h**		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	**4i**		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	**4j**		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	**4k**		X	
l Has the plan failed to provide any benefit when due under the plan?	**4l**		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	**4m**		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	**4n**		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

ANVIL EMPLOYEE STOCK OWNERSHIP PLAN

Independent Auditors' Report and Financial Statements with Supplemental Information

December 31, 2009 and 2008

ANVIL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN

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V S H
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Anvil Corporation Employee Stock Ownership Plan

We have audited the statements of net assets available for benefits of Anvil Corporation Employee Stock Ownership Plan (the "Plan") as of December 31, 2009 and 2008 and the related statements of changes in net assets available for benefits and supplemental schedules for the years then ended presented on pages 9-12. These financial statements and supplemental schedules are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, net assets available for benefits of Anvil Corporation Employee Stock Ownership Plan as of December 31, 2009 and 2008, and the changes in net assets available for benefits for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules on pages 9-12 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Varner Sytsma & Herndon

Bellingham, Washington
October 8, 2010

Certified Public Accountants
Professional Service Corporation
Registered Investment Advisors

ANVIL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2009 and 2008

	2009	2008
ASSETS		
Investment in Anvil Corporation common stock, at fair value	$ 21,619,180	$ 18,745,942
NET ASSETS AVAILABLE FOR BENEFITS	$ 21,619,180	$ 18,745,942

See independent auditors' report and accompanying notes to the financial statements.

ANVIL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Years Ended December 31, 2009 and 2008

	2009	2008
ADDITIONS TO NET ASSETS		
Employer stock contributions	$ 1,600,000	$ 1,449,997
Net unrealized appreciation of Anvil Corporation common stock	2,876,705	290,583
Total addition to net assets	4,476,705	1,740,580
DEDUCTIONS FROM NET ASSETS		
Benefit payments	1,603,467	1,957,408
NET INCREASE (DECREASE) IN PLAN ASSETS	2,873,238	(216,828)
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	18,745,942	18,962,770
NET ASSETS AVAILABLE FOR BENEFITS, end of year	$ 21,619,180	$ 18,745,942

See independent auditors' report and accompanying notes to the financial statements.

ANVIL CORPORATION
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2009 and 2008

NOTE 1. DESCRIPTION OF PLAN

The following description of the Anvil Corporation Employee Stock Ownership Plan (the "Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

General – The Plan was formed on December 4, 1996 to provide certain benefits to the employees of Anvil Corporation (the "Company"). The Plan currently operates as a non-leveraged employee stock ownership plan (the "ESOP"), and is designed to qualify under section 401(a) and comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (the "Code"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), and subsequent amendments.

At December 31, 2009 and December 31, 2008, the Plan owned approximately 100% and 75%, respectively, of the outstanding common shares of Anvil Corporation. The shares were acquired by the ESOP with employer contributions.

Participation – All employees of the Company who have reached the age of 18 are eligible to participate in the Plan after one year of service providing they are employed on January 1 and worked at least 1,000 hours during the Plan year. Participants who were employed on the last working day of the Plan year are eligible for an allocation of Company contributions for the year, pursuant to Plan documents.

Participant Accounts – Two separate accounts are maintained for each participant, a stock account and a cash account. The stock account maintained for each participant will be credited annually with his or her allocable share of Anvil common stock derived from contribution, dividend or forfeiture. Each participant's allocation of shares derived from Anvil contributions is based on the number of points his or her account has in relation to total points. Points are computed as follows:

- 1 point for each year of service with a maximum of twenty, and
- 1 point for each $10,000 of compensation received during the Plan year.

The cash account maintained for each participant is credited annually with his or her allocable share of non-stock contributions, dividends and any net income (or loss) earned by the Plan. The Plan had no cash assets at December 31, 2009 and 2008.

Vesting – Participants' accounts vest as follows: less than one year of service-0, 1 year-1/6, 2 years-2/6, 3 years-3/6, 4 years-4/6, 5 years-5/6, 6 or more years-100%. Participants are 100% vested in all accounts upon reaching normal retirement age, death or disability.

Forfeiture – Participants who have terminated employment receive a distribution of their vested accounts in accordance with the Plan documents. The nonvested portion of his or her account is forfeited back to the Plan after a five consecutive year break in service. Accounts of terminated employees who become re-employed prior to a five-year consecutive break in service are reestablished with modified vesting provisions. Forfeitures at December 31, 2009 and 2008 were $22,287 and $1,290, respectively.

NOTE 1. DESCRIPTION OF PLAN (Continued)

Payment of Benefits – During the year ended December 31, 2008, the Company and ESOP Trustees implemented a change in the ESOP policy regarding payouts upon retirement from or leaving Anvil. Former employees whose vested ESOP value is less than $5,000 will be paid out in one lump sum. Those with vested ESOP value greater than $5,000 will be paid out over three annual installments beginning in April of the year subsequent to employment termination.

Administration of Plan Assets – Plan assets are held and managed by the Trustee of the Plan. The Trustee also handles Company contributions and distributions. Officers or employees of the Company, at no charge to the Plan, perform various other administrative functions. In addition, certain administrative expenses related to the Plan administration have been paid directly by the Company.

Diversification – Diversification is offered to participants close to retirement so that they may have the opportunity to move part of the value of their investment in Company stock into investments, which are more diversified. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of the account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25% of the number of post-1986 shares allocated to his or her account, less any shares previously diversified. In the sixth year, the percentage changes to 50%. Participants who elect to diversify receive a cash distribution.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements of the Plan are prepared on the accrual basis of accounting. The Plan reports in accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide entitled *Audits of Employee Benefit Plans*.

Valuation of Investments – The common shares of Anvil Corporation are valued at estimated fair market value as determined by annual independent appraisal. New appraisals are generally available during March or April each year and are utilized for all subsequent transactions until a new appraisal is available.

Plan Termination – Although it has not expressed any intent to do so, the Company has the right to terminate the Plan at any time. Upon termination, participants will become fully vested in their account balances. Such vested amounts will be distributed to participants in accordance with the Plan documents.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Pronouncements – In April 2009, the FASB issued guidance on estimating fair value when the volume and level of activity for an asset or liability have significantly decreased, including guidance on identifying circumstances that indicate a transaction is not orderly. The guidance emphasizes that, regardless of whether the volume and level of activity for an asset or liability have decreased significantly and which valuation technique was used, the objective of a fair value measurement under ASC 820, Fair Value Measurements and Disclosures, remains the same—to estimate the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions. The guidance includes expanded disclosure requirements and requires that entities determine the major categories for debt and equity securities in the fair value hierarchy table on the basis of the nature and risks of the investments. The Company adopted this guidance effective December 31, 2009. The adoption did not have a material impact on the Company's financial statements. The additional disclosures required by the guidance are included in Note 5 – Fair Value Measurements.

In September 2009, the FASB issued guidance to amend the existing requirements in ASC 820 to measure the fair value of investments in certain entities that do not have a quoted market price but calculate net asset value (NAV) per share or its equivalent. As a practical expedient, the amendments permit, but do not require, an entity to measure the fair value of an investment in an investee within the scope of the amendments based on the investee's NAV per share or its equivalent. As a result of applying the practical expedient, the Company's investment in alternative investments was determined based on the NAV beginning with the December 31, 2009 valuation. The adoption of the amended guidance did not have a material impact on the fair value determination of the applicable investments, however, it did require additional disclosures. The disclosures required by the guidance are included in Note 5 – Fair Value Measurements.

NOTE 3. TAX STATUS

The Plan has received a letter of determination dated October 21, 1997, from the Internal Revenue Service that exempts the Plan from federal income taxes under Section 401(a) of the IRC. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. The updated plan was submitted for determination in January of 2009 and the plan awaits the determination letter.

NOTE 4. INVESTMENTS IN ANVIL CORPORATION COMMON STOCK

The common shares of Anvil Corporation are valued at estimated fair value at December 31, 2009 and 2008. Stock valuations are prepared annually by an independent appraiser.

The Plan held common shares of Anvil Corporation as follows:

December 31,	Number of Shares	Fair Value of Shares
2008	3,272	$ 18,745,942
2009	3,272	$ 21,619,180

The investment in Anvil Corporation common stock represents in excess of 5% of Plan assets at December 31, 2009 and 2008.

NOTE 5. FAIR VALUE MEASUREMENTS

ASC Subtopic 820, *Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under ASC Subtopic 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The common shares of Anvil Corporation were valued using an income approach that relies on a discounted cash flow model, which is classified as Level 2 in the fair value hierarchy.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2009:

	Investment Assets at Fair Value as of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Anvil Corporation Stock	$ -	$ 21,619,180	$ -	$ 21,619,180
Total investments at fair value	$	$ 21,619,180	$ -	$ 21,619,180

NOTE 6. RISKS AND UNCERTAINTIES

The Plan invests in Anvil Corporation Common Stock. The Anvil Common Stock is exposed to various risks, such as interest rate, market volatility and credit risks. It is reasonably possible, given the level of risk associated with the investment, that changes in the near term could materially affect a participant's account balance and the amounts reported in the financial statements.

NOTE 7. LEGAL ISSUES

In February 2008, Forrest Quinn filed a derivative lawsuit in federal court against certain officers and directors of the Company, valuation appraisers, and the ESOP. The claim related to stock valuations over the years, which he viewed as having been too conservative. Although he personally held a very small number of shares, he was seeking substantial damages. Two similar and related lawsuits had previously been filed by Mr. Quinn and his parents, Col. and Mrs. Thomas Quinn. Both of those suits have been settled with no change in Anvil share valuation. On January 5, 2009, the Court entered a final judgment dismissing the lawsuit. Forrest Quinn subsequently appealed that decision to the Ninth Circuit of Appeals. On August 24, 2010, the Ninth Circuit of Appeals affirmed the dismissal of the lawsuit.

NOTE 8. STOCK SPLIT AND REDEMPTION

On August 5, 2008, the Company completed a 60:1 reverse stock split.

Effective December 31, 2009, all outstanding stock options were converted to SARs. The Company entered into SARs agreements with each holder of an outstanding stock option of the Company, substituting one SAR for every outstanding stock option, thereby effectively eliminating all outstanding stock options.

Effective December 31, 2009, the Company entered into redemption agreements with all Company shareholders other than the ESOP to effectively eliminate, retire, or cancel all non-ESOP owned shares of the Company. The agreements required the Company to redeem 968 shares of common stock at the ESOP common stock valuation price as of December 31, 2009.

NOTE 9. SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events,* management has evaluated subsequent events up to October 8, 2010, the date when the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

ANVIL CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 91-0865773 PLAN NO. 2

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

December 31, 2009

	Identity of Issue	Number of Shares	Cost	Current Value
*	Anvil Corporation no par common stock	3,272	$ 4,000,857	$ 21,619,180

* Investment represents 5% or more of the net assets available for benefits. Anvil Corporation is a party in interest as defined by ERISA.

See independent auditors' report and accompanying notes to the financial statements.

ANVIL CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 91-0865773 PLAN NO. 2

SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

December 31, 2008

	Identity of Issue	Number of Shares	Cost	Current Value
*	Anvil Corporation no par common stock	3,272	$ 4,002,224	$ 18,745,942

* Investment represents 5% or more of the net assets available for benefits. Anvil Corporation is a party in interest as defined by ERISA.

See independent auditors' report and accompanying notes to the financial statements.

ANVIL CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 91-0865773 PLAN NO. 2

SCHEDULE OF REPORTABLE TRANSACTIONS

December 31, 2009

Identity of Party Involved	Description of Assets (include interest rate and maturity in case of a loan)	Purchase Price	Selling Price	Lease Rental	Expense Incurred with Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Anvil Corporation	Employer Contribution	$1,600,000	$ -	$ -	$ -	$1,600,000	$1,600,000	$ -

* Anvil Corporation is a party in interest as defined by ERISA

See independent auditors' report and accompanying notes to the financial statements.

ANVIL CORPORATION EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 91-0865773 PLAN NO. 2

SCHEDULE OF REPORTABLE TRANSACTIONS

December 31, 2008

Identity of Party Involved	Description of Assets (include interest rate and maturity in case of a loan)	Purchase Price	Selling Price	Lease Rental	Expense Incurred with Transaction	Cost of Asset	Current Value of Asset on Transaction Date	Net Gain or (Loss)
Anvil Corporation	Employer Contribution	$1,449,997	$ -	$ -	$ -	$1,449,997	$1,449,997	$ -

* Anvil Corporation is a party in interest as defined by ERISA

See independent auditors' report and accompanying notes to the financial statements.