

Blue Earth, Inc.
Form 10-K/A
December 14, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 4

To

Form 10-K/A

(Mark One)

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

For the fiscal year ended December 31, 2008

OR

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

For the transition period from _____ to _____

Commission file number 333-148346

BLUE EARTH, INC.

f/k/a

CHERRY TANKERS, INC.

Edgar Filing: Blue Earth, Inc. - Form 10-K/A

(Exact Name of Registrant as specified in its charter)

Nevada <i>(State or other jurisdiction</i>	8700 <i>(Primary Standard Industrial</i>	98-0531496 <i>(I.R.S. Employer</i>
<i>of incorporation or</i>	<i>Classification Code Number)</i>	<i>Identification No.)</i>
<i>organization)</i>		

2298 Horizon Ridge Parkway, Suite 205

Henderson, NV 89052

Telephone: 702-263-1808

Telecopier: 866-263-1824

(Address and telephone number of principal executive offices)

Dr. Johnny R. Thomas, CEO

Blue Earth, Inc.

2298 Horizon Ridge Parkway, Suite 205

Henderson, NV 89052

Telephone: 702-263-1808

Telecopier: 702-263-1824

(Name, address and telephone number of agent for service)

Copy to:

Elliot H. Lutzker, Esq.

Davidoff Malito & Hutcher LLP

605 Third Avenue

New York, New York 10158

Telephone: (212) 557-7200

Edgar Filing: Blue Earth, Inc. - Form 10-K/A

Telecopier: (212) 286-1884

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

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

Edgar Filing: Blue Earth, Inc. - Form 10-K/A

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the 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 No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) 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.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the voting and non-voting common equity held by non-affiliates or an computed by reference to the last sale price of such common equity as of August 7, 2008, was \$7,847.

As of February 3, 2009, there were 13,705,000 shares of Common Stock, par value \$0.0001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: NONE

-2-

EXPLANATORY NOTE

This Amendment No. 4 on Form 10-K amends the Annual Report on Form 10-K for the year ended December 31, 2008 (the Original Report) and is being filed by Blue Earth, Inc. (the Company) f/k/a Genesis Fluid Solutions Holdings, Inc. (Genesis); f/k/a Cherry Tankers, Inc. (CT) to report certain information disclosed to the Company by the Securities and Exchange Commission concerning former auditors of the Company.

The financial statements of CT included in the Company s Forms 10-K for the fiscal years ended December 31, 2007 and 2008 and included in the Company s Form 8-K/A dated October 30, 2009 and filed on November 16, 2009 were audited by Davis Accounting Group P.C.

The audit reports were issued by Davis Accounting Group, P.C. from Cedar City, Utah and were dated January 15, 2009 and November 11, 2009. The license of Mr. Edwin Reese Davis, Jr. and his firm, Davis Accounting Group, P.C., lapsed on September 30, 2008 and was formally revoked as of November 4, 2010 by the Utah Division of Occupational & Professional Licensing (DOPL). You can find a copy of the order at https://secure.utah.gov/llv/search/detail.html?license_id=3599263.

As Davis Accounting Group, P.C. was not licensed when it issued its audit reports on the Company s financial statements, we may not include its audit reports in our filings with the Commission.

The Company is filing this Amendment on Form 10-K for the fiscal year ended December 31, 2008 to amend and restate Item 8 to include the report of Lake & Associates, CPA s in place of the audit report of Davis Accounting Group, P.C. which the Company previously removed.

Unless expressly noted otherwise, the disclosures in this Form 10-K/A continue to speak as of the date of the Original Report, and do not reflect events occurring after the filing of the Original Report. For additional information on subsequent events, the reader should refer to the Forms 10-K, Forms 10-Q and Forms 8-K the Company has filed in 2009, 2010 and 2011. The filing of this Form 10-K/A shall not be deemed an admission that the Original Report, when made, included any untrue statement of a material fact or omitted to state a material fact necessary to make a statement not misleading.

PART I

Item 1. Description of Business.

As used in this annual report, references to Cherry Tankers, the Company, we, our, or us refer to Cherry Tankers unless the context otherwise indicates.

Forward-Looking Statements

This annual report contains forward-looking statements which relate to future events or our future financial performance. In some cases, such forward-looking statements may be identified by terminology such as may, should, expects, plans, anticipates, believes, estimates, predicts, potential or continue or the negative of these terms or comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled Risk Factors, that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

While these forward-looking statements, and any assumptions upon which they are based, are made in good faith and reflect our current judgment regarding the direction of our business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested herein. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to actual results.

Corporate Background

Cherry Tankers, Inc. was incorporated under the laws of the State of Delaware on March 30, 2007. We hope to revolutionize the footwear industry by providing a technology that makes an orthotic shoe that alleviates lower knee, back and hip pain by pinpointing the wearer's anatomical center of gravity and adjusting his current center accordingly. We have not generated any revenue to date and are a development stage company. We currently have no employees.

Our Business

We are focused on developing, marketing and selling footwear that will alleviate the back, knee and hip pain resulting from walking abnormalities. We have been granted a perpetual, irrevocable, non-transferable (but sub-licensable) license to use a patent pending technology that restores the human body's center of gravity to its optimal position for the sole purpose of manufacturing, marketing and distributing and selling the footwear everywhere in the world except for Israel. Our Israeli Subsidiary, described in the next paragraph, will do the same in Israel.

On November 27, 2007, our wholly owned subsidiary, Cherry Tankers Ltd. or the Israeli Subsidiary, purchased the rights to certain technology from its inventors for nominal consideration. The technology includes an Israeli patent application and a United States provisional patent application titled "A system and a method for selecting a type of a curved sole out of a limited group of types of curved sole to match a person."

We have signed a Licensing Agreement with the Israeli Subsidiary (the "Licensing Agreement"), pursuant to which we obtained a perpetual, irrevocable, non-transferable (but sub-licensable) license to use the technology for the sole purpose of manufacturing, marketing, distributing and selling the product (the footwear that we plan to manufacture) everywhere in the world except for Israel. The Israeli Subsidiary will market our products in Israel.

In consideration of the Licensing Agreement, we agreed to fund the Israeli Subsidiary's development activities for the footwear in an amount up to \$150,000 pursuant to a schedule that is attached to the Licensing Agreement and we agreed to pay royalty fees in an amount equal to 4% of Net Revenues (as defined in the Licensing Agreement) from sales of the products or exploitation of the technology. The first installment of \$20,000 was due on February 1, 2008.

On February 1, 2008, we amended the agreement with the Subsidiary to reschedule the installment due dates. The first installment payment of development fees was due on July 15, 2008. On July 15, 2008, we did not make the first development fee installment payment, and we were in default on the Patent Licensing Agreement. On September 15, 2008, we did not make the second development fee installment payment, and we were in default on the Patent Licensing Agreement. On November 15, 2008, we did not make the third development fee installment payment, and we were in default on the Patent Licensing Agreement. On December 23, 2008, we amended the Patent Licensing Agreement with our Subsidiary to reschedule the due dates of the installment payments to April 15,

2009 (\$50,000) and July 15, 2009 (\$100,000). As part of the same amendment, we also granted the Subsidiary the right to sublicense our technology in the Israeli market only. On January 11, 2009, the Subsidiary granted a renewable, non-transferable, sub-licensable license to make use of our technology for the sole purpose of manufacturing, marketing, distributing and selling the shoes and otherwise exploiting our technology in Israel to Elya Orthopedics (Elya). Elya is a sole proprietorship owned by Yael Alush, our Secretary, Treasurer and Director.

We are also looking at other business opportunities, including sale or further sublicensing of our technology or seeking an acquirer. Because we have been unable to raise sufficient cash to exploit it, we are in discussions to return the technology to its developer in exchange for a cash payment.

Industry Background

Back pain is the most common cause of job-related disability in America, according to the National Institute of Health, and costs about \$50 billion a year in treatments. According to the Annals of Internal Medicine, some 80% of Americans will experience back pain at some time in their lives and some 50% will experience back pain yearly.

Many options are available for management of lower back pain. However, there has been little consensus, either within or between specialties, on appropriate clinical evaluation and management of lower back pain. Numerous studies show unexplained, large variations in use of treatments. Despite wide variations in practice, patients seem to experience broadly similar outcomes, although costs of care can differ substantially within and between specialties.

Conventional medical treatments include over-the-counter pain relievers and various types of physical therapy. However, according to an article in WebMd, many back pain sufferers seek out alternative treatments everything from orthotics (*shoe inserts*), massage and acupuncture to mind-body therapies and exercise programs like yoga and tai chi.

Causes of Back Pain

Back pain can be caused by a number of problems:

Small fractures to the spine from osteoporosis

.

Muscle spasms (very tense muscles that remain contracted)

.

Ruptured or herniated disks

.

Degeneration of the disks

.

Poor alignment of the vertebrae

.

Spinal stenosis(narrowing of the spinal canal)

.

Strain or tears to the muscles or ligaments supporting the back

.

Spine curvatures (like scoliosis or kyphosis) which may be inherited and seen in children or teens

.

Other medical conditions like fibromyalgia

However, most cases of back pain have not been traced to a specific, definable cause. As a result, all the efforts to resolve back pain (as well as neck pain, knee pain and other assorted aches) have inconsistent results. Changes of the hip-spine alignment cause changes in the center of gravity and can induce lower back pain. In a study reported in *Spine* in 2004, it was shown that a backwards shift of the gravity lines with respect to the hips was compensated for by lumbar hyperlordosis, which led to a posterior shift of the center of the spine. The main clinical symptom was lower back pain.

There have been recent studies that point to center of gravity and gait changes as a result of aging (and other factors) as the culprits for back pain. During the process of aging, or in situations such as pregnancy, leg length discrepancy, or shortening of muscles, the muscular system does not work efficiently due to the change in the center of gravity. This change can cause altered load balancing on the joints which in turn causes pain. In short, the change in gait due to a displaced center of gravity causes undue stress on the joints and muscles of the knees, neck and back, which in turn causes pain in those areas.

Center of Gravity

The line or center of gravity in the human body is a line passing through the center of the body to the earth. It is an imaginary point at which all the weight of a body can be considered concentrated. If the center of gravity moves too far outside (anterior, posterior, or lateral) the base of support, a fall will occur.

An example is described in the Mayo Clinic's Proceeding; a book's center of gravity is at its geometric center. As the book is pushed towards the edge of a shelf, it protrudes over the edge and its center of gravity moves closer to the edge, which is the limit of its base of support. When the base of the shelf is too small, it does not offer enough support to the book and the book will fall. The human body is analogous in that the torso is the book, and the feet are the base of support.

Defining the ideal state of spinal balance is difficult. Since one of the roles of the spine is to bear the weight of the upper body, the body's center of gravity is important in determining stability and balance.

According to Emedicine, the center of gravity changes with the configuration and function of the body. If the center of gravity shifts, the body becomes more unstable, causing the muscles and tendons to work harder to maintain stability. This naturally causes aches and pains which, if not treated, become chronic.

The Human Foot (the base) and Orthotics

The human foot has more than 100 working parts, with 26 bones working together with the foot's ligaments, muscles and tendons. All these little mechanisms reside in two relatively small structures that support and balance the weight of the entire body. On average, our feet can walk as much as 1,000 miles each year. Our feet act as shock absorbers for our body, cushioning, on average, up to one million pounds of pressure during only one hour of arduous exercise such as aerobics or running.

The field of Orthotics is concerned with the application and manufacturing of devices that support the foot's function. Simple foot orthotics allow the muscles, tendons and bones of the feet and lower legs to function at their highest potential. When appropriately prescribed, orthotics can decrease pain, not only in the foot, but in other parts of the body such as the knee, hip and lower back. They can also increase stability in an unstable joint, prevent a deformed foot from developing additional problems, and improve overall quality of life.

In theory, the purpose of using devices such as a shoe insert is to enhance normal movement and to decrease abnormal posture and tone. These types of devices are often prescribed to reduce pain, to provide better positioning, to relieve pressure on a certain area of the foot, and to improve the overall biomechanical function of the foot. Orthotics work like shock absorbers, removing pressure and stress from painful areas in the foot and ankle. Orthotics also promote the proper alignment of the feet. They can restore balance, improve sports performance and even alleviate pain in the knee, hip and lower back.

Measuring Foot Pressure Distribution

Our product requires the use of sophisticated pedometers that measure foot pressure distribution (FPD) for evaluation of foot and gait pathologies. A number of companies provide the foot care industry with devices that digitally measure feet and determine foot type and pressure points. The customer steps on the pressure-sensitive pedometer, and a thirty-second test automatically begins. An image of both feet appears on a screen showing pressure distribution on each foot. Colors towards the blue end of the spectrum indicate low pressure and colors towards the red end of the spectrum indicate high pressure. If a printer is connected to the pedometer, the customer may receive a full-color printout of the test results. This technology then instantaneously recommends appropriate off the shelf footwear and orthotic options.

These devices are positioned across the United States and Europe, and enable retail footwear stores to provide a more accurate shoe for the individual without consulting with a medical professional. However, these devices are only a partial answer to finding a suitable shoe or orthotic device to help alleviate back and foot pain. We believe that our technology provides a better solution to alleviate back and foot pain.

Our Technology

Our licensed technology requires that an individual stand on a pedometer which measures foot pressure distribution (FPD). In addition, it is pertinent that the pedometer have software that employs our algorithm that measures the individual's anatomical center of gravity. Once we have identified an individual's anatomical center of gravity, we can provide footwear that properly addresses this individual's needs. Once an individual wears our shoes for some period of time, his center of gravity will be shifted to its optimal position thereby significantly alleviating back, knee and neck pain.

The Product

Our licensed technology allows us to produce off the shelf footwear that shifts a person's center of gravity back to his anatomical center of gravity. The footwear that we plan to manufacture, distribute and sell should significantly alleviate back, knee and neck pain.

As noted above, some sophisticated pedometers measure FPD. The pedometer incorporates infrared LED's and receptors that, when combined with software, capture an accurate size of the foot (both length and width) without using moving parts. It provides an accurate size and pressure analysis using relative pressure analysis to provide a highly accurate image. These devices are found throughout the US and Europe in retail locations.

With the information from the pedometer, our technology employs an algorithm to measure each person's anatomical center of gravity, which is in effect the optimal center of gravity of that individual. A corrective shoe designed to restore that individual's anatomical center of gravity is then recommended.

Principal Markets and Marketing Strategy

Potential Customers

Lower back pain is the fifth most common reason for all physician visits in the United States. Approximately one quarter of U.S. adults reported having lower back pain lasting at least one whole day in the past 3 months and 7.6% reported at least one episode of severe acute lower back pain. According to the *Annals of Internal Medicine*, 50% of the American adult population will experience back pain each year. According to the National Institute of Health, back pain is also the most common cause of job-related disability in America, and costs about \$50 billion a year in treatments. Some 80% of Americans will experience back pain at some time in their lives.

The figures are similar in Europe: Musculoskeletal disorders (MSD) or back, knee and neck pain, are the most common work-related health problem across the EU, according to the director of the European Agency for Safety and Health at Work. Additionally, MSDs are the most common cause of absenteeism from work in most of the EU. In some countries this translates into a cost of up to 1.6% of the GDP.

While workers, especially in physically demanding jobs, constitute a large percentage of those with back pain, many other people also suffer from MSD s. The Bone and Joint Decade Report (2005) states that, Most episodes of lower back pain settle after a couple of weeks but many have a recurrent course with further acute episodes affecting 20-44% of patients in the population within one year.

Geriatrics

In an article in *BMC Geriatrics*, researchers from Harvard University s medical school relate how age-related anatomical and physiological changes in foot bone and ligament structure affect FPD during gait. Gait analysis of healthy elderly people revealed decreased stride length, reduced step force and increased variability in gait parameters. These findings indicated that unsteadiness during walking is increased in the community-dwelling elderly people, posing a risk for falls.

Shoes manufactured using our technology can help re-shift the center of gravity for the elderly, stabilizing their gait and reducing the number of falls in that population.

Pregnancy

Up to eighty percent of pregnant women suffer from lower back pain. In addition, hip, leg, arch and heel pain are also common in pregnancy. There is a significant increase in the severity and frequency of back, hip, leg and foot pain between the second and third trimesters.

As a result of this pain, and due to physiological changes associated with pregnancy, such as an increase in weight, a change in weight distribution, tissue and joint laxity, and changes in hormones, the pregnant woman s body progressively alters its posture in an attempt to alleviate the pain.

Operations in 2008

We completed an automated prototype of our technology and installed it on a working pedometer owned by Elya. We currently lack sufficient financial recourses to advance the programming from a beta site on to a commercial

application.

We attended three trade shows in Israel in 2008, and showcased our technology to orthopedic surgeons and physiotherapists.

We finalized production costs for molds and for the shoes themselves with an Israeli shoe manufacturer.

On January 11, 2009, the Subsidiary granted a renewable, non-transferable, sub-licensable license to make use of our technology for the sole purpose of manufacturing, marketing, distributing and selling the shoes and otherwise exploiting our technology in Israel to Elya Orthopedics (Elya). Elya is a sole proprietorship owned by Yael Alush, our Secretary, Treasurer and Director. In exchange, Elya will coordinate with the Subsidiary on design and technical details to produce commercial quantities of the shoes.

The agreement with Elya requires Elya to hire a physiotherapist in order to coordinate medical studies in one of Israel's leading educational institutions or hospitals.

In December of 2008 Elya registered our Licensed technology/product, which it invented, with the United States Food and Drug Administration's Center for Devices and Radiological Health.

Marketing Strategy

Elya will manufacture the shoes itself for the Israeli market. We will buy shoes from Elya at a markup, and attempt to market them to international shoe distributors that already sell their product lines to retailers that have pre-installed pedometers that measure a person's FPD.

In order to expand our marketing capabilities, we intend to publicize scientific research by world renowned medical doctors showing the benefits of using our footwear to alleviate back and neck pain.

We have already attended one trade show in 2009, and we plan to attend additional trade shows in 2009, in order to showcase our technology. We expect to have an attractive marketing booth at each trade show we attend, which will include an FPD with our algorithm installed so that all those who visit can measure their gait.

By showcasing our technology, we hope that we will locate a large scale distributor who will market our product.

Competition

There are a number of competitors in the market many of whom are larger than we are and have more resources available than we have. There are also a number of different solutions to the problem that are marketed by those competitors. We believe that our solution is unique and does a better job of solving the problem than the competitors solutions.

General Orthotics

As mentioned above, orthotics, or shoe inserts, are commonly prescribed as a solution to back pain. Custom foot orthotics generate sales of about \$500 million dollars per year (end user cost) in the United States.

Companies such as Spenco Medical, Aetrex, Bio-sole, PowerStep, and Pedag sell standard shoe inserts for approximately \$15-\$30 for a pair.

Custom orthotic inserts such as Dr. Wilson, Shoe Master, Health Quest, OthoDynamics, and Dr. s Foot Laboratories, cost between \$200 and \$1,000.

The APOS system

The APOS system applies special semispherical shoes, with individually adjusted implants. The system can be individually adjusted in order to optimally balance loading and re-train postural control during gait. The system costs close to \$1,500.

According to a report on Channel Two Israel television's morning news show, APOS sold more than 3000 pairs of its shoes in 2006 in Israel.

MBT Shoes

MBT shoes distribute pressure evenly across the foot. An initial study into the effects of an unstable shoe construction suggests that MBTs alter certain gait characteristics and that with frequent use they may reduce the incidence of some musculoskeletal problems. According to MBT's web site more than one million MBT shoes were sold last year in more than 20 countries.

The MBT shoes cost between \$130 and \$250 per pair in the United States and between £110 and £200 in the UK.

As noted, we believe that our solution is unique and will do a better job of correcting gait and alleviating back, leg, hip and foot pain than the competitors' solutions. We anticipate that an off the shelf pair of shoes that is tailored to the customer's anatomical center of gravity after the customer stands on a pedometer that measures his FPD and applies our algorithm will retail for between \$175 and \$300. We believe that our shoes will last as long as a typical pair of athletic shoes, which, depending upon the extent of use, will be between 12 and 24 months.

Employees

We presently have no employees. All functions including development, strategy, negotiations and clerical functions are currently being provided by our executive officers on a voluntary basis.

Risk Factors

An investment in our common stock involves a high degree of risk. A potential investor should carefully consider the following factors and other information in this Form 10-K before deciding to invest in our company. If any of the following risks actually occur, our business, financial condition, results of operations and prospects for growth would likely suffer. As a result, our investors could lose all or part of their investment in our Company.

Risks related to our company

1. We are a development stage company and may never be able to effectuate our business plan or achieve any revenues or profitability. Therefore, at this stage of our business, potential investors have a high probability of losing their entire investment.

We were established on March 30, 2007, and have no operating history. We are in the development stage and are subject to all of the risks inherent in the establishment of a new business enterprise. We have had no revenues or customers to date. Our operations to date have been focused on organizational, start-up, and capital formation activities. As a development stage company, we are a highly speculative venture involving significant financial risk. It is uncertain as to when we will become profitable, if ever. There is nothing at this time on which to base an assumption that our business operations will prove to be successful or that we will ever be able to operate profitably. We may not be able to successfully effectuate our business. There can be no assurance that we will ever achieve any revenues or profitability. The revenue and income potential of our proposed business and operations is unproven as the lack of operating history makes it difficult to evaluate the future prospects of our business.

2. We expect losses in the future because we have no revenues.

We are expecting losses over the next twelve months because we do not yet have any revenues to offset the expenses associated with the development and the marketing of our footwear to alleviate lower back, knee and hip pain. We cannot guarantee that we will ever be successful in generating revenues in the future. We recognize that if we are unable to generate revenues, we will not be able to earn profits or continue operations. There is no history upon which to base any assumption as to the likelihood that we will prove successful, and we can provide investors with no assurance that we will generate any operating revenues or ever achieve profitable operations.

In January 2009, one of our shareholders lent us \$11,000 to pay the legal and accounting costs of preparing this annual report, and of preparing a post-effective amendment to the registration statement that we filed on Form SB-2 that become effective in January 2008, which we hope to file in the near future.

3. If our business strategy is not successful, we may not be able to continue operations as a going concern and our stockholders may lose their entire investment in us.

As discussed in the Notes to Consolidated Financial Statements included in this Form 10 K, as of December 31, 2008 we had no revenues and incurred a net loss of \$216,903 for the year ended December 31, 2008 and a net loss of \$71,978 for the year ended December 31, 2007. These factors raise substantial doubt that we will be able to

continue operations as a going concern, and our registered independent auditors included an explanatory paragraph regarding this uncertainty in their report on our consolidated financial statements for the year ended December 31, 2008. Our ability to continue as a going concern is dependent upon our generating cash flow sufficient to fund operations and reducing operating expenses. Our business strategy may not be successful in addressing these issues. If we cannot continue as a going concern, our stockholders may lose their entire investment in us.

4. We have defaulted under our license agreement.

On November 27, 2007, we entered into a patent licensing agreement (the Patent Licensing Agreement) with Cherry Tankers Ltd., our Israeli subsidiary (the Subsidiary). The Patent Licensing Agreement grants us an irrevocable, non-transferable, perpetual right and license to make use of certain technology and products in the orthopedic shoe soles field (the Technology) for the sole purpose of manufacturing, marketing, distributing and selling the products based on the Technology, on a worldwide basis, except in Israel. Under the Patent Licensing Agreement, we are entitled to sub-license the Technology to third-party strategic partners if agreed upon by both parties in advance. The Subsidiary retains all rights, title and interest in and to the Technology, including the design of the products, copyrights, trademarks and trade secrets.

In consideration for the Technology, the Company was obligated to pay development fees to the Subsidiary in installments totaling \$150,000. The first installment of \$20,000 was due on February 1, 2008. On February 1, 2008, we amended the agreement with the Subsidiary to reschedule the installment due dates. The first installment payment of development fees was due on July 15, 2008. On July 15, 2008, the Company did not make the first development fee installment payment, and was in default on the Patent Licensing Agreement. On September 15, 2008, the Company did not make the second development fee installment payment, and was in default on the Patent Licensing Agreement. On November 15, 2008, the Company did not make the third development fee installment payment, and was in default on the Patent Licensing Agreement. On December 23, 2008, we amended the Patent Licensing Agreement with our Subsidiary to reschedule the due dates of the installment payments to April 15, 2009 (\$50,000) and July 15, 2009 (\$100,000). As part of the same amendment, we also granted the Subsidiary the right to sublicense our technology in the Israeli market only. On January 11, 2009, the Subsidiary granted a renewable, non-transferable, sub-licensable license to make use of our technology for the sole purpose of manufacturing, marketing, distributing and selling the shoes and otherwise exploiting our technology in Israel to Elya Orthopedics (Elya). Elya is a sole proprietorship owned by Yael Alush, our Secretary, Treasurer and Director.

We are also looking at other business opportunities, including sale or further sublicensing of our technology or seeking an acquirer. We are in discussions to return the technology to its developer in exchange for a cash payment.

5. Since our officers can work or consult for other companies, their activities could slow down our operations.

Our officers are also members of our Board of Directors, and they are not required to work exclusively for us. They do not devote all of their time to our operations. Therefore, it is possible that a conflict of interest with regard to their time may arise based on their employment for other companies. Their other activities may prevent them from devoting full-time to our operations which could slow our operations and may reduce our financial results because of the slow down in operations. It is expected that our Directors will devote between five and ten hours per week to our operations on an ongoing basis, and will devote whole days and even multiple days at a stretch when required.

6. We are heavily dependent upon our officers and Directors. The loss of either Dr. Gepstein or Ms. Alush, upon whose knowledge, leadership and technical expertise we rely, would harm our ability to execute our business plan.

We are dependent on the continued contributions of Dr. Reuven Gepstein, our President, Chief Executive Officer, and Director, and Ms. Yael Alush, our Secretary, Treasurer and Director, whose knowledge and leadership would be difficult to replace. If we lose either of their services, or if either of them is not available to us when we need them, our ability to execute our business plan would be harmed, and we may be forced to cease operations until such time as we could hire a suitable replacement.

7. We operate in a competitive market with limited personnel resources, and a failure to attract and retain qualified employees could harm our ability to execute our business plan.

Our future success depends on our ability to identify, attract and retain qualified personnel. Competition for employees in our industry is intense and we may not be successful in attracting and retaining such personnel. We will be competing with other footwear companies that have many more resources than we have. Other footwear manufacturers may choose to enter our niche market and may have greater resources and experience than we have in

facilitating the necessary sales channels.

8. We may not be able to compete with current products, such as custom orthotics, special implants and other specially designed footwear, some of whose manufacturers have greater resources and experience than we do.

The corrective shoe market is intensely competitive and we believe that it will become even more competitive in the future. Our footwear will compete with numerous other footwear solutions to back pain, such as orthotics, custom orthotics, and other specially designed shoes. We will compete with national companies such as Spenco Medical, Aetrex, Bio-sole, PowerStep, and Pedag with respect to orthotics. We will also compete with Dr. Wilson, Shoe Master, Health Quest, OthoDynamics, and Dr. s Foot Laboratories with respect to custom orthotics, and with MBT shoes and the APOS system in the specialized orthotic footwear market.

While we believe that we have certain competitive advantages against our competitors in the orthotic footwear market, the entry of one or more of the large competitors who sell orthotics and custom footwear into our potential market could force us to reduce the prices that we charge to our customers. In some cases, publicly-traded competitors may decide to undercut the price points of our products by relying on their greater financial resources to increase sales. If such an event should occur, it may result in a decrease in our ability to sell our products at a profitable margin and may cause our products to be non-price competitive. There can be no assurance that such an event will not occur in the future, and such an event could severely limit our ability to increase sales or expand our business and could have a serious negative effect on our financial condition, results of operations, and prospects. We can provide no assurance that competitive pressures will not have a material adverse effect on us.

9. If we are unable to obtain funding, our business operations will be harmed. Even if we do obtain funding, our then existing stockholders position in our Company may be substantially diluted.

We must find a partner to manufacture, advertise and distribute our footwear. In order to expand our distribution beyond Israel, we will also need to obtain additional funding. Even if we do find a partner to manufacture, advertise and distribute our footwear, there can be no assurance that partner will have the capacity to produce our products at a cost effective price. If any partner cannot produce our products at a cost effective price, it will adversely affect our ability to sell and market our products, which will mean that we will need to find another partner who has that capacity. Additionally, finding a partner to manufacture, advertise and distribute our shoes may be a lengthy and costly process, and at present we do not have sufficient means of financing that search.

It is possible that additional capital will be required to effectively support our operations and to otherwise implement our overall business strategy. The inability to raise the required capital will restrict our ability to grow and may impair

our ability to continue to conduct business operations. If we are unable to obtain necessary financing, we will likely be required to curtail our development plans which could cause the Company to become dormant. We currently do not have any arrangements or agreements to raise additional capital. Any additional equity financing may involve substantial dilution to our then existing stockholders.

10. There may be customs duties and tariffs on the export of shoes from one country to another country.

Virtually all of our footwear will be manufactured outside of the United States, and a substantial portion of our products will be sold outside of the United States. Accordingly, we will be subject to the risks generally associated with global trade and doing business abroad, which include foreign laws and regulations, varying consumer preferences across geographic regions, political unrest, disruptions or delays in cross-border shipments and changes in economic conditions in countries in which we manufacture or sell products. In addition, disease outbreaks, terrorist acts and military conflict have increased the risks of doing business abroad. These factors, among others, could affect our ability to manufacture products or procure materials, our ability to import products, our ability to sell products in international markets, and our cost of doing business. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, our business could be adversely affected. In addition, many of our imported products will be subject to duties, tariffs or quotas that affect the cost and quantity of various types of goods imported into the United States and other countries. Any country in which our products are produced or sold may eliminate, adjust or impose new quotas, duties, tariffs, safeguard measures, anti-dumping duties, cargo restrictions to prevent terrorism, restrictions on the transfer of currency, or other charges or restrictions, any of which could have an adverse effect on our results of operations and financial condition.

11. We may not be able to raise sufficient capital or generate adequate revenues to meet our obligations and fund our operating expenses.

We have not had any revenues since our inception. Failure to raise adequate capital and generate adequate sales

revenues to meet our obligations and develop and sustain our operations could result in our having to curtail or cease operations. Additionally, even if we do raise sufficient capital and generate revenues to support our operating expenses, there can be no assurances that the revenues will be sufficient to enable us to develop our business to a level where it will generate profits and cash flows from operations sufficient to sustain us. These matters raise substantial doubt about our ability to continue as a going concern. Our registered independent auditors currently included an explanatory paragraph in their report on our consolidated financial statements regarding concerns about our ability to continue as a going concern. Accordingly, our failure to generate sufficient revenues or to generate adequate capital could result in the failure of our business and the loss of your entire investment.

12. Because we do not have an audit or compensation committee, stockholders will have to rely on our Directors, who are not independent, to perform these functions.

We do not have an audit or compensation committee comprised of independent Directors. Indeed, we do not have any audit or compensation committee. These functions are performed by our two Directors, who are also our officers. Thus, there is a potential conflict of interest in that our Directors have the authority to determine issues concerning management compensation and audit issues that may affect management decisions.

13. We may be subject to tort claims for product liability for which we may not be adequately insured.

Our business relies on selling footwear to individuals who suffer from back, knee and hip pain. Those persons may have a higher risk of injury than ordinary consumers. Therefore, we may confront product liability claims in excess of what we can afford to pay or even defend, which could have a material adverse effect upon our financial condition and results of operations. Since we are a development stage company, we do yet have liability insurance and we cannot be certain that we will be able to obtain adequate liability insurance for our business at a cost that we can afford. Additionally, claims against us, regardless of their merit or eventual outcome, may also have a material adverse effect upon our ability to attract and retain business, and may cause us to incur material expenses and significant management time for their defense.

14. If the costs of our raw materials increase, our profits are likely to decline.

As noted above, we must find a partner to manufacture, advertise and distribute our footwear. If the cost of raw materials to that partner increases, those additional costs are likely to be passed on to us. If we are not able to increase the prices for our products to offset those costs, our profits from the sale of our products are likely to decline.

15. Our international operations involve inherent risks which could result in harm to our business.

Virtually all of our footwear will be manufactured outside of the United States. Our management is located outside the United States and initially, we anticipate our sales coming from outside the United States.

In the future, we intend to sell our products in the United States and Europe. Accordingly, we will be subject to the risks generally associated with global trade and doing business abroad, which include foreign laws and regulations, varying consumer preferences across geographic regions, political unrest, disruptions or delays in cross-border shipments and changes in economic conditions in countries in which we manufacture or sell products. In addition, disease outbreaks, terrorist acts and military conflict have increased the risks of doing business abroad. These factors, among others, could affect our ability to manufacture products or procure materials, our ability to import products, our ability to sell products in international markets, and our cost of doing business. If any of these or other factors make the conduct of business in a particular country undesirable or impractical, our business could be adversely affected. In particular, once we commence operations, and assuming that we effect our current plans, we will be subject to risks as a result of our planned operations in Israel. See *Risk Factors Related to Operations in Israel* beginning on Page 16.

16. Currency exchange rate fluctuations could result in higher costs and decreased margins.

We anticipate that a majority of our products will be sold outside of the United States. As a result, we will conduct transactions in various currencies, which will increase our exposure to fluctuations in foreign currency exchange rates relative to the U.S. dollar. We anticipate that our international revenues and expenses generally will be derived from sales and operations in foreign currencies, and these revenues and expenses could be affected by currency fluctuations, including amounts recorded in foreign currencies and translated into U.S. dollars for consolidated financial reporting. Currency exchange rate fluctuations could also disrupt the business of any independent manufacturers that produce our products by making their purchases of raw materials more expensive and more

difficult to finance. Foreign currency fluctuations could have an adverse effect on our results of operations and financial condition.

We do not plan to engage in any hedging activities.

17. Our intellectual property is only protected by patent applications that have only been filed in the United States and in Israel.

Because we do not have the funding to apply for protection elsewhere, our technology is only protected by patent applications filed in the United States and in Israel at the present time. Therefore, our technology may not be adequately protected in other countries.

Because we have filed patent applications but have not been granted actual patents, there is a risk that we will not be granted patents, or that we will be granted patents but the rights that are granted to us will not be broad enough to protect our technology.

Additionally, Israeli patent law provides that anyone who was using a patented invention in Israel in good faith at the time that a patent application is filed, or who was making good faith preparations to do so, has the right to continue using that patented invention in his business without charge, even if the patent is issued. The right may not be transferred except as part of the transfer of the business in which the patent is used. The Company is not aware of anyone else who is using the technology that it purchased under the Licensing Agreement.

18. Our success depends on third party distribution channels.

We intend to sell our footwear through a series of retailers and distributors. Our future revenue growth will depend in large part on sales of our products through these relationships. We may not be successful in developing these distribution relationships. Retail stores and distributors may compete with us. In addition, these distributors may not dedicate sufficient resources or give sufficient priority to selling our products. Our failure to develop distribution channels, the loss of a distribution relationship, or a decline in the efforts of a material reseller or distributor could prevent us from generating sufficient revenues to become profitable.

19. *We will rely on third party manufacturing.*

We intend to outsource the manufacturing of our footwear. These manufacturers may not be available to manufacture our products in a timely and cost effective manner. We may not be able to locate manufacturers for our footwear on commercially reasonable terms. If we cannot locate a manufacturing facility that will manufacture our products on commercially reasonable terms, we will not be able to deliver our products to our customers in a timely manner on a cost-effective basis. A delay in providing our customers with our products and services would harm our business.

Risk Factors Relating to Our Common Shares

20. *We may issue additional common shares in the future, which would reduce our current investors' percentage of ownership and which may dilute our share value.*

Our Certificate of Incorporation authorizes the issuance of 100,000,000 shares of common stock, of which 13,705,000 shares are issued and outstanding. The future issuance of additional shares of common stock, which we are currently authorized to issue, may result in substantial dilution in the percentage of our common stock held by our then existing stockholders. We may value any common stock issued in the future on an arbitrary basis. The issuance of common stock for future services or acquisitions or other corporate actions may have the effect of diluting the value of the shares held by our investors, and might have an adverse effect on any trading market for our common stock.

21. *NASD sales practice requirements may limit a stockholder's ability to buy and sell our stock.*

In addition to the penny stock rules described below, the NASD has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative low priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, the NASD believes that there is a high probability that speculative low priced securities will not be suitable for at least some customers. The NASD requirements make it more difficult for broker-dealers to recommend that their

customers buy our common stock, which may have the effect of reducing the level of trading activity in our common stock. As a result, fewer broker-dealers may be willing to make a market in our common stock, reducing a stockholder's ability to resell shares of our common stock.

22. Our common shares will be subject to the Penny Stock Rules of the SEC and the trading market in our securities will be limited, which will make transactions in our stock cumbersome, which may reduce the value of an investment in our stock.

The Securities and Exchange Commission has adopted Rule 15g-9, which establishes the definition of a penny stock, for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

.
that a broker or dealer approve a person's account for transactions in penny stocks; and

.
that the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person's account for transactions in penny stocks, the broker or dealer must:

.
obtain financial information and investment experience objectives of the person; and

.
make a reasonable determination that the transactions in penny stocks are suitable for that person and that the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the Commission relating to the penny stock market, which, in highlight form:

sets forth the basis on which the broker or dealer made the suitability determination; and

confirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the penny stock rules. This may make it more difficult for investors to dispose of our common shares thus causing a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

23. There is no current trading market for our securities, and if a trading market does not develop, purchasers of our securities may have difficulty selling their shares.

There is currently no established public trading market for our securities and an active trading market in our securities may not develop or, if developed, may not be sustained. Our securities have been admitted to and are quoted on the NASD Bulletin Board under the symbol OTC BB CTKE, but an active public trading market has not developed. If no such market develops, purchasers of the shares may have difficulty selling their common stock should they desire to do so.

24. The price of our common stock was arbitrarily determined by us and may not reflect the actual market price for the securities.

The offering price of our common stock was determined by us arbitrarily. The price is not based on our financial condition and prospects, market prices of similar securities of comparable publicly traded companies, certain financial and operating information of companies engaged in similar activities to ours, or general conditions of the securities market. The price may not be indicative of the market price, if any, for the common stock in the trading market. The

market price of our securities may decline below the offering price. The stock market has experienced extreme price and volume fluctuations. In the past, securities class action litigation has often been instituted against various companies following periods of volatility in the market price of their securities. If instituted against us,

regardless of the outcome, such litigation would result in substantial costs and a diversion of management's attention and resources, which would increase our operating expenses and affect our financial condition and business operations.

25. Future sales by our stockholders could cause the stock price to decline.

No predictions can be made of the effect, if any, that market sales of shares of common stock or the availability of such shares for sale will have on the market price prevailing from time to time. Nevertheless, sales of significant amounts of our common stock could adversely affect the prevailing market price of the common stock, as well as impair our ability to raise capital through the issuance of additional equity securities.

26. State securities laws may limit secondary trading, which may restrict the states in which and conditions under which you can sell your common stock.

Secondary trading in our common stock will not be possible in any state until the common stock is qualified for sale under the applicable securities laws of that state or there is confirmation that an exemption, such as listing in certain recognized securities manuals, is available for secondary trading in that state. If we fail to register or qualify, or to obtain or verify an exemption for the secondary trading of the common stock in any particular state, the common stock could not be offered or sold to, or purchased by, a resident of that state. In the event that a significant number of states refuse to permit secondary trading in our common stock, the liquidity for the common stock could be significantly impacted thus causing you to realize a loss on your investment.

27. The requirements of being a public company may strain our resources and distract our management.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These requirements may place a strain on our systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls for financial reporting. We will be required to document and test our internal control procedures in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act, which requires annual management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accountants addressing these assessments. During the course of our testing, we may identify deficiencies which we may not be able to remediate in time to meet the deadline imposed by the Sarbanes-Oxley Act for compliance with the requirements of Section 404. In addition, if we fail to achieve and maintain the adequacy of our internal controls, as such standards are modified, supplemented or

amended from time to time, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act.

In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. In addition, we may need to hire additional accounting and financial staff with appropriate public company experience and technical accounting knowledge, and we cannot assure you that we will be able to do so in a timely fashion.

In January 2009, one of our shareholders lent us \$11,000 to pay the legal and accounting costs of preparing this annual report, and of preparing a post-effective amendment to the registration statement we filed on Form SB-2 that became effective in January 2008, which we hope to file in the near future.

28. Because we do not intend to pay any cash dividends on our common stock, our stockholders will not be able to receive a return on their shares unless they sell them.

We intend to retain any future earnings to finance the development and expansion of our business. We do not anticipate paying any cash dividends on our common stock in the foreseeable future. Unless we pay dividends, our stockholders will not be able to receive a return on their shares unless the value of such shares appreciates and they sell them. There is no assurance that stockholders will be able to sell shares when desired.

Risk Factors Relating to Operations in Israel

29. Conditions in Israel affect our operations and may limit our ability to produce and sell our products.

Our only significant asset, our technology, is owned by Cherry Tankers Ltd., the Israeli Subsidiary. Additionally, in order to take advantage of certain tax benefits that are provided under Israeli law, we may agree that the Subsidiary will manufacture our products in Israel, which would make us dependent on that country's economy. Our two Directors and officers also reside in Israel. Because our Directors are located in Israel, our intellectual property is located in Israel and our manufacturing operations may take place in Israel, our operations may be directly influenced by the political, economic and military conditions affecting Israel.

30. Enforcement of judgments.

Israeli courts might not enforce judgments rendered outside of Israel. Our officers and Directors reside outside of the United States, therefore, any judgment obtained in the United States against such persons may not be enforced. Additionally, individuals might not be able to bring civil actions under United States securities laws if they file a lawsuit in Israel. We have been advised by our Israeli counsel that, subject to certain limitations, Israeli courts may enforce a final executory judgment of a United States court for liquidated amounts in civil matters after a hearing in Israel, provided that certain conditions are met. If a foreign judgment is enforced by an Israeli court, it will be payable in Israeli currency.

31. Security issues.

Since the establishment of the State of Israel in 1948, a number of armed conflicts have taken place between Israel and its Arab neighbors. Any major hostilities involving Israel or the interruption or curtailment of trade between Israel and its present trading partners could materially adversely affect our operations. Despite the negotiations towards peace between Israel and certain of its Arab neighbors (including those that took place in Annapolis, Maryland during the last week of November 2007), the future of these peace efforts is uncertain.

From October 2000 until recently, there was a significant increase in violence, primarily in the West Bank and the Gaza Strip, and negotiations between Israel and Palestinian representatives have ceased for periods of time. In January 2006, Hamas, the Islamic Resistance Movement, won the majority of the seats in the Parliament of the Palestinian Authority. The election of a majority of Hamas-supported candidates in the Palestinian Parliament and the tension among the different Palestinian factions may create additional unrest and uncertainty. Hamas does not recognize Israel's right to exist as a state and Israel considers Hamas to be a terrorist organization. In June 2007, Hamas gained control of the Gaza Strip and has since used that territory to fire projectiles at Israel's western Negev region on a daily basis. Accordingly, there can be no assurance that the recent relative calm and renewal of negotiations between Israel and Palestinian representatives will endure.

On December 27, 2008, the Israel Defense Forces began a major incursion into the Gaza Strip, which they refer to as Operation Cast Lead. The incursion was preceded by increased rocket fire from Gaza on Israel's western Negev region, extending as far as 25 miles away. The incursion ended inconclusively in January 18, 2009. There is still occasional rocket fire in southern Israel but it is significantly less frequent than it was in November and December 2008. There is no assurance this relative quiet will last.

During the summer of 2006, Israel was engaged in an armed conflict with Hezbollah, a Lebanese Islamist Shiite militia group and political party. This conflict involved missile strikes against civilian targets in northern Israel, and negatively affected business conditions in Israel. Any renewed hostilities or other factors related to Israel could have a material adverse effect on us or on our business and could adversely affect our share price.

32. Military Service.

Generally, all non-exempt male adult citizens and permanent residents of Israel under the age of 45 (or older, for citizens with certain occupations), are obligated to perform military reserve duty annually, and are subject to being called to active duty at any time under emergency circumstances. While our Directors are not currently obligated to perform military reserve duties, any Israeli-resident employees that we may hire in the future may be called upon to perform reserve duties for significant periods of time. The absence of those employees may in turn cause us to experience operating difficulties. Additionally, a number of countries continue to restrict or ban business with Israel or Israeli companies, which may limit our ability to make sales into those countries.

33. Exchange Rate Fluctuations.

Exchange rate fluctuations between the U.S. dollar and the New Israeli Shekel (NIS) may negatively affect our earnings. A substantial majority of our revenues and a substantial portion of our expenses are denominated in U.S.

dollars. However, as our Company develops we anticipate that a significant portion of the expenses associated with our Israeli operations, including personnel and facilities-related expenses, will be incurred in NIS. Consequently, inflation in Israel will have the effect of increasing the U.S. dollar cost of our operations in Israel, unless it is offset on a timely basis by a devaluation of the NIS relative to the U.S. dollar. We cannot predict any future trends in the rate of inflation in Israel or the rate of valuation of the NIS against the U.S. dollar.

34. Tax Benefits.

Any failure to obtain the tax benefits from the State of Israel that we anticipate receiving could adversely affect our plans and prospects. Pursuant to the Law for the Encouragement of Capital Investments, 1959, the Israeli government has granted Approved Enterprise status to existing capital investment programs under the Alternative Benefits Program. Consequently, if we meet the criteria to become an Approved Enterprise, we would be eligible for certain tax benefits for the first several years in which we generate taxable income. Currently, we have not yet begun to generate taxable income for purposes of this law. Once we begin to generate taxable income, our financial results could suffer if our tax benefits are significantly reduced.

In order to receive tax benefits, we must comply with a number of conditions and criteria. If we fail to comply in whole or in part with these conditions and criteria, the tax benefits that we receive could be partially or fully canceled and we could be forced to refund the amount of the benefits we received, adjusted for inflation and interest. Although we believe that we will operate in compliance with the required conditions, we cannot assure you that this will continue.

We cannot assure you that we will, in the future, be eligible to receive additional tax benefits under this law. Additionally, in the event that we increase our activities outside the State of Israel, these activities generally will not be eligible for inclusion in Israeli tax benefit programs. Accordingly, our effective corporate tax rate could increase significantly in the future.

35. Our operations may be affected by negative economic conditions in Israel.

Israel has experienced periods of recession in economic activity in recent years, resulting in low growth rates and growing unemployment. Our operations could be adversely affected if the economic conditions in Israel were to deteriorate again. In addition, due to significant economic measures proposed by the Israeli government, there were several general strikes and work stoppages in each of the most recent years, affecting all banks, airports and ports.

These strikes had an adverse effect on the Israeli economy and on business, and if they recur, they could have an adverse effect on our ability to deliver products to our customers and to receive raw materials from our suppliers in a timely manner. From time to time, the Israeli trade unions threaten additional strikes or work-stoppages, which may, if carried out, have a material adverse effect on the Israeli economy and us.

Item 2. Description of Property.

We use the office space of one of our Directors at no charge on a month to month basis. We have not paid any rent since incorporation, and we do not anticipate that we will have to pay rent in the future out of the proceeds of any financing.

Item 3. Legal Proceedings.

There are no pending legal proceedings to which we are a party or in which any of our Directors, officers or affiliates, any owner of record or beneficially of more than 5% of any class of our voting securities, or security holder is a party adverse to us or has a material interest adverse to ours. Our property is not the subject of any pending legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders

We did not submit any matters to a vote of security holders during the fourth quarter of the year ended December 31, 2008.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters.

Market for our common stock

There is currently no market for our shares. We cannot give you any assurance that the shares will ever have a market or that if a market for our shares ever develops, that you will be able to sell your shares. In addition, even if a public market for our shares develops, there is no assurance that a secondary public market will be sustained.

The shares are quoted on the OTC Bulletin Board under the symbol OTC BB CTKE, but no active trading market has developed and we cannot assure you that an active trading market will ever develop.

Dividend Policy

We have not declared or paid dividends on our common stock since our formation, and we do not anticipate paying dividends in the foreseeable future. Declaration or payment of dividends, if any, in the future, will be at the discretion of our Board of Directors and will depend on our then current financial condition, results of operations, capital requirements and other factors deemed relevant by the Board of Directors. There are no contractual restrictions on our ability to declare or pay dividends.

Record Holders

As of February 3, 2009, we had outstanding 13,705,000 shares of common stock, which were held by 58 stockholders of record.

Securities Authorized for Issuance Under Equity Compensation Plans

As of December 31, 2008, none of our equity securities were authorized to be issued under any compensation plans (including individual compensation arrangements).

Recent Sales of Unregistered Securities

On April 15, 2007, we issued 1,000,000 shares of our common stock to Sharone Perlstein, our founder and sole director at that time, in consideration of their par value.

On April 15, 2007, we issued 900,000 shares of our common stock to Dr. Reuven Gepstein, our President, Chief Executive Officer and Director, in consideration of their par value. The shares were issued in a transaction that was exempt from the registration requirements of the Securities Act pursuant to Regulation S promulgated by the Securities and Exchange Commission.

On April 15, 2007, we issued 3,777,000 shares of our common stock to four other individuals in consideration of their par value. The shares were issued in a transaction that was exempt from the registration requirements of the Securities Act pursuant to Regulation S promulgated by the Securities and Exchange Commission.

On June 18, 2007, we issued 962,500 shares of our common stock to Yael Alush, our Secretary, Treasurer and Director, in consideration of their par value. The shares were issued in a private transaction that was exempt from the registration requirements of the Securities Act pursuant to Regulation S promulgated by the Securities and Exchange Commission.

On June 18, 2007, we issued 3,940,500 shares of our common stock to six other individuals in consideration of their par value. The shares were issued in a transaction that was exempt from the registration requirements of the Securities Act pursuant to Regulation S promulgated by the Securities and Exchange Commission.

In July 2007 through October of 2007, we issued 2,000,000 shares of common stock to 44 investors in a private placement pursuant to the exemption from the registration requirements of the Securities Act provided by Regulation S, the 2007 Private Placement. The aggregate consideration paid for such shares was \$50,000. All investors in such private placement were non-US persons (as defined under SEC Regulations). The Company provided all investors in the 2007 Private Placement with a subscription agreement.

On December 9, 2007, we raised \$225,000 by selling 1,125,000 shares of our common stock to two investors in a transaction that was exempt from registration pursuant to the exemption from the registration requirements of the

Securities Act provided by Regulation S. Both investors in such private placement were non-US persons (as defined under SEC Regulations) and were provided with Subscription Agreements.

Purchases of Our Equity Securities By Us or Our Affiliates

On August 7, 2008, our founder, Sharone Perlstein purchased 1,509,000 shares of our common stock, par value \$0.0001 per share, from Lavi Krasney in an off-market transaction for an aggregate purchase price of \$1,000. As a result of that purchase, Lavi Krasney is no longer one of our shareholders.

Item 6. Selected Financial Data

Not applicable.

Item 7. Managements's Discussion and Analysis or Plan of Operation

RESULTS OF OPERATIONS

For the years ended December 31, 2008 and December 31, 2007

We have not generated any revenues since inception, including for the year ended December 31, 2008. Our operating activities during these periods consisted primarily of developing our business plan.

General and administrative expenses were \$218,903 for the year ended December 31, 2008, compared to \$69,978 for the year ended December 31, 2007. The increase in general and administrative expenses was due to an increase in our activity level. General and administrative expenses primarily consist of consulting fees, professional fees and filing fee expenses.

Our net loss for the year ended December 31, 2008, was \$216,903 or \$0.02 per share, compared to \$71,978 or \$0.01 per share for the year ended December 31, 2007. The weighted average number of shares outstanding was 13,705,000 at December 31, 2008, compared to 9,742,827 at December 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2008

As of December 31, 2008, our current assets were \$377 and our current liabilities were \$13,200, resulting in negative working capital of \$12,823.

As of December 31, 2008, our total liabilities were \$13,200, compared to total liabilities of \$40,029 as of December 31, 2007, all consisting of current liabilities.

Stockholders' equity decreased from of \$204,080 at December 31, 2007, to a deficit of \$12,823 at December 31, 2008. This was the result of the net loss for the year ended December 31, 2008.

For the year ended December 31, 2008, net cash used in operating activities was \$245,583, compared to net cash used in operating activities of \$31,949 for the year ended December 31, 2007. Net cash used in operating activities for the year ended December 31, 2008 was mainly the result of a net loss and payment of accrued liabilities.

For the year ended December 31, 2008, net cash used in investing activities was \$0, compared to net cash used in investing activities of \$0 for the year ended December 31, 2007.

Net cash flows from financing activities for the year ended December 31, 2008 was \$1,851, compared to net cash flows from financing activities of \$276,058 for the year ended December 31, 2007.

Plan of Operation

We intend to continue to refine the technology we have licensed.

Our license grants us worldwide marketing rights to the technology (except in Israel) while allowing us to develop the technology further. Currently, our technology employs an algorithm to measure a person's center of gravity. We

-20-

intend to refine the measurement of this algorithm to better focus the center of gravity. We have agreed to sublicense our technology to Elya Orthopedics, a sole proprietorship owned by Yael Alush, who is one of our Directors.

We intend to work with Elya Orthopedics to develop footwear designs in both men's and women's models.

We plan to have our shoes manufactured in Israel.

We are actively seeking strategic partners for the marketing of our shoes.

Once we have completed our medical studies, we intend to locate a large international shoe manufacturer or orthopedic shoe distributor that will be a strategic partner in marketing our product.

We are seeking to establish a reputation and credibility in the medical field in the major target markets.

We have been in discussions with Israel's leading medical institutions regarding the conduct of research. We are currently awaiting a cost breakdown and anticipate beginning medical research by the end of the first quarter of 2009.

We may seek other opportunities.

If none of the above is successful, we may seek other opportunities to maximize value for our shareholders.

Additional Capital Formation Activities

On December 9, 2007, we raised \$225,000 by selling 1,125,000 shares of our common stock to two investors in a transaction that was exempt from registration pursuant to the exemption from the registration requirements of the Securities Act provided by Regulation S. We anticipate that the monies we have raised will be used to finalize shoe production in Israel, allowing the Company to begin marketing the product in the United States, and to pay some of

the expenses listed below.

Despite this, we still do not have sufficient resources to effectuate our business. As of December 31, 2008, we had approximately \$377 in cash. We expect to incur a minimum of \$190,000 in expenses during the next twelve months of operations. We estimate that this will be comprised of the following expenses:

Category	Planned Expenditures Over The Next	
	12	
	Months (US\$)	
Legal and Accounting Fees	\$	30,000
Marketing Materials		3,000
Travel Expenses		3,000
Office Expenses		4,000
Development / Licensing		150,000
TOTAL	\$	190,000

Additionally, \$20,000 will be needed for general working capital.

Accordingly, we will have to raise the funds to pay for these expenses. We may have to borrow money from our officers, or issue debt or equity securities, or seek to enter into a strategic arrangement with a third party. There can be no assurance that additional capital will be available to us. We currently have no agreements, arrangements or understandings with any person to obtain funds through bank loans, lines of credit or any other sources. Unless we are able to make arrangements to raise additional funds, our inability to raise funds will have a severe negative impact on our ability to remain a viable company.

In January 2009, one of our shareholders lent us \$11,000 to pay the legal and accounting costs of preparing this annual report, and of preparing a post-effective amendment to the registration statement we filed on Form SB-2 that became effective in January 2008, which we hope to file in the near future.

Going Concern Consideration

Our registered independent auditors included an explanatory paragraph in their report on the accompanying consolidated financial statements regarding concerns about our ability to continue as a going concern. Our

consolidated financial statements contain additional note disclosures describing the circumstances that lead to this disclosure by our registered independent auditors.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Item 8. Consolidated Financial Statements.

CHERRY TANKERS INC. AND SUBSIDIARY
(A DEVELOPMENT STAGE COMPANY)
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2008, AND 2007

Consolidated Financial Statements-

<u>Report of Independent Registered Public Accounting Firm</u>	F-1
<u>Consolidated Balance Sheets as of December 31, 2008 and 2007</u>	F-2
<u>Consolidated Statements of Operations for the Year Ended December 31, 2008, Period Ended December 31, 2007, and Cumulative from Inception</u>	F-3
<u>Consolidated Statement of Stockholders' Equity (Deficit) for the Period from Inception Through December 31, 2008</u>	F-4
<u>Consolidated Statements of Cash Flows for the Year Ended December 31, 2008, Period Ended December 31, 2007, and Cumulative from Inception</u>	F-5
<u>Notes to Consolidated Financial Statements December 31, 2008, and 2007</u>	F-6

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Stockholders of Cherry Tankers Inc. and Subsidiary

We have audited the accompanying balance sheet of Cherry Tankers, Inc. and Subsidiary. (a development stage Company) (the Company) as of December 31, 2008 and 2007, and the related statements of operations, stockholders equity, and cash flows for the years ended December 31, 2008 and 2007, and for the period March 30, 2007 (Inception) to December 31, 2008. These financial statements are the responsibility of the company s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, the financial position of Cherry Tankers, Inc. and Subsidiary (a development stage Company) as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the period from March 30, 2007 (Inception) through December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. The Company has been in the development stage since its inception and continues to incur significant losses. The Company's viability is dependent upon its ability to obtain future financing and the success of its future operations. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Lake & Associates, CPA's LLC

Lake & Associates, CPA's LLC

Schaumburg, Illinois

November 30, 2011

1905 Wright Boulevard

Schaumburg, IL 60193

Phone: 847.524.0800

Fax: 847.524.1655

F-1

CHERRY TANKERS INC. AND SUBSIDIARY**(A DEVELOPMENT STAGE COMPANY)****CONSOLIDATED BALANCE SHEETS**

	December 31, 2008	December 31, 2007
ASSETS		
Current Assets:		
Cash in bank	\$ 377	\$ 244,109
Total current assets	377	244,109
Total Assets	\$ 377	\$ 244,109
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities:		
Accounts payable - Trade	\$ 2,439	\$ 4,789
Accrued liabilities	8,910	35,240
Due to related party - Stockholder	1,851	-
Total current liabilities	13,200	40,029
Total liabilities	13,200	40,029
Commitments and Contingencies		
Stockholders' Equity (Deficit):		
Common stock, par value \$0.0001 per share, 100,000,000 shares authorized; 13,705,000 shares issued and outstanding	1,370	1,370
Additional paid-in capital	274,688	274,688
(Deficit) accumulated during the development stage	(288,881)	(71,978)
Total stockholders' equity (deficit)	(12,823)	204,080
Total Liabilities and Stockholders' Equity (Deficit)	\$ 377	\$ 244,109

The accompanying notes to are
an integral part of these financial statements.

F-2

CHERRY TANKERS INC. AND SUBSIDIARY**(A DEVELOPMENT STAGE COMPANY)****CONSOLIDATED STATEMENTS OF OPERATIONS**

	Year	Year	Cumulative
	Ended	Ended	From
	December 31,	December 31,	Inception on
	2008	2007	March 30,
			2007 through
			December 31,
			2008
Revenues	\$ -	\$ -	\$ -
Expenses:			
General and administrative-			
Consulting fees	133,534	21,600	155,134
Accounting and audit fees	29,627	18,000	47,627
Legal fees	12,823	23,322	36,145
Transfer agent fees	18,298	-	18,298
Other	12,518	1,304	13,822
Other professional fees	10,103	2,023	12,126
Travel	-	5,236	5,236
Legal - Incorporation fees	-	493	493
Total general and administrative expenses	216,903	71,978	288,881
(Loss) from Operations	(216,903)	(71,978)	(288,881)
Other Income (Expense)	-	-	-
Provision for Income Taxes	-	-	-
Net (Loss)	\$ (216,903)	\$ (71,978)	\$ (288,881)
(Loss) Per Common Share:			
(Loss) per common share - Basic and Diluted	\$ (0.02)	\$ (0.01)	
Weighted Average Number of Common Shares			
Outstanding - Basic and Diluted	13,705,000	9,742,827	

The accompanying notes are
an integral part of these financial statements.

F-3

CHERRY TANKERS INC. AND SUBSIDIARY**(A DEVELOPMENT STAGE COMPANY)****CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)**

Description	Common stock		Additional Paid-in Capital	(Deficit) Accumulated During the Development Stage	Totals
	Shares	Amount			
Balance - March 30, 2007	-	\$ -	\$ -	\$ -	-
Common stock issued for cash at \$0.0001 per share	13,705,000	1,370	274,688	-	276,058
Net (loss) for the period	-	-	-	(71,978)	(71,978)
Balance - December 31, 2007	13,705,000	1,370	274,688	(71,978)	208,080
Net (loss) for the period	-	-	-	(216,903)	(216,903)
Balance - December 31, 2008	13,705,000	\$ 1,370	\$ 274,688	\$ (288,881)	\$ (12,823)

The accompanying notes are
an integral part of these financial statements.

F-4

CHERRY TANKERS INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	Year Ended December 31,	Cumulative From Inception on March 30, 2007 through December 31, 2008
	2008	2007	
Operating Activities:			
Net (loss)	\$ (216,903)	\$ (71,978)	\$ (288,881)
Adjustments to reconcile net (loss) to net cash (used in) operating activities:			
Changes in assets and liabilities-			
Accounts payable - Trade	(2,350)	4,789	2,439
Accrued liabilities	(26,330)	35,240	8,910
Net Cash (Used in) Operating Activities	(245,583)	(31,949)	(277,532)
Investing Activities:			
Investing activities	-	-	-
Net Cash (Used in) Investing Activities	-	-	-
Financing Activities:			
Loan from stockholder	2,301	-	2,301
Repayment of loan from stockholder	(450)	-	(450)
Issuance of common stock for cash	-	276,058	276,058
Net Cash Provided by Financing Activities	1,851	276,058	277,909
Net (Decrease) Increase in Cash	(243,732)	244,109	377
Cash - Beginning of Period	244,109	-	-
Cash - End of Period	\$ 377	\$ 244,109	\$ 377

Supplemental Disclosure of Cash Flow Information:

Cash paid during the period for:

Interest	\$	-	\$	-	\$	-
Income taxes	\$	-	\$	-	\$	-

The accompanying notes are
an integral part of these financial statements.

F-5

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. Summary of Significant Accounting Policies

Basis of Presentation and Organization

Cherry Tankers Inc. (the Company) is a Delaware corporation in the development stage and has not commenced operations. The Company was incorporated under the laws of the State of Delaware on March 30, 2007. The business plan of the Company is to manufacture, market, and distribute orthopedic shoes based on licensed patented technology. The accompanying consolidated financial statements of the Company and its wholly owned subsidiary were prepared from the accounts of the entities under the accrual basis of accounting.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Cherry Tankers Ltd. (Subsidiary). All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of reporting within the statement of cash flows, the Company considers all cash on hand, cash accounts not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Revenue Recognition

The Company is in the development stage and has yet to realize revenues from operations. At the time the Company commences operations, it will recognize revenues when delivery of goods or completion of services has occurred, provided there is persuasive evidence of an agreement, acceptance has been approved by its customers, the fee is fixed or determinable based on the completion of stated terms and conditions, and collection of any related receivable is probable.

Loss per Common Share

Basic loss per share is computed by dividing the net loss attributable to the common stockholders by the weighted average number of shares of common stock outstanding during the period. Diluted loss per share is computed similar to basic loss per share except that the denominator is increased to include the number of additional common shares that would have been outstanding if the potential common shares had been issued and if the additional common shares were dilutive. There were no dilutive financial instruments issued or outstanding as of December 31, 2008 and 2007.

Fair Value of Financial Instruments

The Company estimates the fair value of financial instruments using the available market information and valuation methods. Considerable judgment is required in estimating fair value. Accordingly, the estimates of fair value may not be indicative of the amounts Cherry Tankers could realize in a current market exchange. As of December 31, 2008, and 2007, the carrying value of the Company's financial instruments approximated fair value due to the short-term nature and maturity of these instruments.

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company accounts for income taxes pursuant to ASC 740. Under ASC 740, deferred tax assets and liabilities are determined based on temporary differences between the bases of certain assets and liabilities for income tax and financial reporting purposes. The deferred tax assets and liabilities are classified according to the financial statement classification of the assets and liabilities generating the differences.

The Company maintains a valuation allowance with respect to deferred tax assets. The Company establishes a valuation allowance based upon the potential likelihood of realizing the deferred tax asset while taking into consideration the Company's financial position and results of operations for the current period. Future realization of the deferred tax benefit depends on the existence of sufficient taxable income within the carry forward period under Federal tax laws.

Changes in circumstances, such as the Company generating taxable income, could cause a change in judgment about the realizability of the related deferred tax asset. Any change in the valuation allowance will be included in income in the year of the change in estimate.

Deferred Offering Costs

The Company defers as other assets the direct incremental costs of raising capital until such time as the offering is completed. At the time of the completion of the offering, the costs are charged against the capital raised. Should the offering be terminated, deferred offering costs are charged to operations during the period in which the offering is terminated.

Concentration of Risk

As of December 31, 2008, and 2007, the Company maintained its cash account at one commercial bank. The balance in the account was subject to FDIC coverage.

Common Stock Registration Expenses

The Company considers incremental costs and expenses related to the registration of equity securities with the SEC, whether by contractual arrangement as of a certain date or by demand, to be unrelated to original issuance transactions. As such, subsequent registration costs and expenses are reflected in the accompanying consolidated financial statements as general and administrative expenses and are expensed as incurred.

Lease Obligations

All noncancellable leases with an initial term greater than one year are categorized as either capital leases or operating leases. Assets recorded under capital leases are amortized according to the methods employed for property and equipment or over the term of the related lease, if shorter.

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

1. Summary of Significant Accounting Policies (Continued)

Estimates

The accompanying consolidated financial statements are prepared and presented on the basis of accounting principles generally accepted in the United States of America. The preparation of consolidated 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 as of December 31, 2008 and 2007, and expenses for the year ended December 31, 2008, period ended December 31, 2007, and cumulative from inception. Actual results could differ from those estimates made by management.

2. Going Concern

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. The Company is currently in the development stage, and has not commenced planned principal operations.

The Company has not established any source of revenues to cover its operating costs, and as such, has incurred an operating loss since inception. Further, as of December 31, 2008 and 2007, the cash resources of the Company were insufficient to meet its current business plan. These and other factors raise substantial doubt about the Company's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern. The Company intends to conduct additional capital formation activities through the issuance of its common stock and to commence operations in order for it to continue as a going concern.

3. Common Stock

In April 2007, the Company commenced a capital formation activity through PPO #1, exempt from registration under the Securities Act of 1933, to raise up to \$1,058 through the issuance of 10,580,000 shares of its common stock to founders of the Company, par value \$0.0001 per share, at an offering price of \$0.0001 per share. As of June 18, 2007, Cherry Tankers had closed PPO #1 and received proceeds of \$1,000. The remaining \$58 was received as of December 31, 2007.

Additionally, in July 2007, the Board of Directors of Cherry Tankers began PPO #2, exempt from registration under the Securities Act of 1933, to raise up to \$50,000 through the issuance of 2,000,000 shares of its common stock, par value \$0.0001 per share, at an offering price of \$0.025 per share. As of December 31, 2007, the Company had fully subscribed PPO #2, closed PPO #2, and received a total of \$50,000 in proceeds.

In December 2007, Cherry Tankers commenced a capital formation activity through PPO #3, exempt from registration under the Securities Act of 1933, to raise up to \$225,000 through the issuance of 1,125,000 shares of its common stock, par value \$0.0001 per share, at an offering price of \$0.20 per share. As of December 9, 2007, the Company had closed PPO #3 and received proceeds of \$225,000.

The Company also commenced an activity to submit a Registration Statement on Form SB-2 to the SEC to register 2,000,000 of its outstanding shares of common stock on behalf of selling stockholders. This Registration Statement on Form SB-2 became effective with the SEC on January 10, 2008. The Company will not receive any of the proceeds of this registration activity once the shares of common stock are sold.

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

2. Development Stage Activities and Going Concern

The Company is currently in the development stage, and has not commenced operations. The business plan of Cherry Tankers is to manufacture, market, and distribute orthopedic shoes that will alleviate back, knee, and hip pain resulting from walking abnormalities.

During the period from inception through December 31, 2008, Cherry Tankers was incorporated and completed capital formation activities to raise up to \$276,058 from the sale of 13,705,000 shares of common stock through PPO s to various stockholders. As of December 31, 2008, Cherry Tankers raised \$276,058 in proceeds from the PPO s.

Cherry Tankers also submitted to the SEC a Registration Statement on Form SB-2 to register 2,000,000 shares of its common stock for selling stockholders. This Registration Statement on Form SB-2 became effective with the SEC on January 10, 2008. No proceeds will be received by the Company from the sale of common stock by selling to stockholders. The Company also intends to conduct additional capital formation activities through the issuance of its common stock and to commence operations.

The accompanying consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. Cherry Tankers has not established any source of revenues to cover its operating costs, and as such, has incurred an operating loss since inception. Further, as of December 31, 2008, and 2007, the cash resources of the Company were insufficient to meet its current business plan. These and other factors raise substantial doubt about the Company s ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

3. Common Stock

In April 2007, the Company commenced a capital formation activity through PPO #1, exempt from registration under the Securities Act of 1933, to raise up to \$1,058 through the issuance of 10,580,000 shares of its common stock to founders of the Company, par value \$0.0001 per share, at an offering price of \$0.0001 per share. As of June 18, 2007, Cherry Tankers had closed PPO #1 and received proceeds of \$1,000. The remaining \$58 was received as of December 31, 2007.

Additionally, in July 2007, the Board of Directors of Cherry Tankers began PPO #2, exempt from registration under the Securities Act of 1933, to raise up to \$50,000 through the issuance of 2,000,000 shares of its common stock, par value \$0.0001 per share, at an offering price of \$0.025 per share. As of December 31, 2007, the Company had fully subscribed PPO #2, closed PPO #2, and received a total of \$50,000 in proceeds.

In December 2007, Cherry Tankers commenced a capital formation activity through PPO #3, exempt from registration under the Securities Act of 1933, to raise up to \$225,000 through the issuance of 1,125,000 shares of its common stock, par value \$0.0001 per share, at an offering price of \$0.20 per share. As of December 9, 2007, the Company had closed PPO #3 and received proceeds of \$225,000.

CHERRY TANKERS, INC. AND SUBSIDIARY**(A DEVELOPMENT STAGE COMPANY)****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****DECEMBER 31, 2008 AND 2007****4. Income Taxes**

The provision (benefit) for income taxes for the year ended December 31, 2008 and period ended December 31, 2007 was as follows (assuming a 23% effective tax rate):

	2008	2007
Current Tax Provision:		
Federal and state-		
Taxable income	\$ -	\$ -
Total current tax provision	\$ -	\$ -
Deferred Tax Provision:		
Federal and state-		
Loss carryforwards	\$ 49,888	\$ 16,555
Change in valuation allowance	(49,888)	(16,555)
Total deferred tax provision	\$ -	\$ -

The Company had deferred income tax assets as of December 31, 2008, and 2007, as follows:

	2008	2007
Loss carryforwards	\$ 66,443	\$ 16,555
Less - Valuation allowance	(66,443)	(16,555)
Total net deferred tax assets	\$ -	\$ -

As of December 31, 2008 and 2007, Cherry Tankers had approximately \$288,881, and \$71,978, respectively, in tax loss carry forwards that can be utilized in future periods to reduce taxable income, and expire in the year 2028.

The Company provided a valuation allowance equal to the deferred income tax assets for the year ended December 31, 2008 and the period ended December 31, 2007, because it is not presently known whether future taxable income will be sufficient to utilize the loss carry forwards.

5. Patent Licensing Agreement

On November 27, 2007, Cherry Tankers entered into a patent licensing agreement (the Patent Licensing Agreement) with its Subsidiary. The Patent Licensing Agreement grants the Company an irrevocable, non-transferable, perpetual right, and license to make use of certain technology and products in the Orthopedic Shoe Soles field (the Technology) for the sole purpose of manufacturing, marketing, distributing, and selling the products based on the Technology, on a worldwide basis, except for in Israel. The Company is entitled to sub-License the Technology to third-party strategic partners if agreed upon by both parties in advance. The Subsidiary retains all rights, title, and interest in and to the Technology, including the design of the products, copyrights, trademarks, and trade secrets. In consideration for the Technology, the Company is obligated to pay development fees to the Subsidiary in the amount of \$150,000 as well as royalties due each calendar quarter based on 4% of Net Revenues.

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

6. Commitment and Contingencies

As discussed in Note 5, on November 27, 2007, the Company entered into a Patent Licensing Agreement with its Subsidiary. The Patent Licensing Agreement grants the Company an irrevocable, non-transferable, perpetual right, and license to make use of the Technology in the Orthopedic Shoe Soles field for the sole purpose of manufacturing, marketing, distributing, and selling the products based on the Technology, on a worldwide basis, except for in Israel. The Company is entitled to sub-License the Technology to third-party strategic partners if agreed upon by both parties in advance. The Subsidiary retains all rights, title, and interest in and to the Technology, including the design of the products, copyrights, trademarks, and trade secrets. In consideration for the Technology, the Company is obligated to pay development fees to the Subsidiary in installments in the amount of \$150,000.

The first development fee installment of \$20,000 was due on February 1, 2008. On February 1, 2008, the Company and Subsidiary amended the Patent Licensing Agreement to reschedule the installment due dates with the first development fee installment payment of \$20,000 due on July 15, 2008. On July 15, 2008, the Company did not make the first development fee installment payment, and was in default on the Patent Licensing Agreement. On September 15, 2008, and November 15, 2008, respectively, the Company did not make the second and third development fee installment payments of \$50,000 each, and remained in default on the Patent Licensing Agreement.

On December 23, 2008, the Company and Subsidiary amended the Patent Licensing Agreement to reschedule the installment payments and due dates as follows:

Installment #1 April 15, 2009	\$	50,000
Installment #2 July 15, 2009		100,000
	\$	150,000

The Company is also obligated to pay the Subsidiary royalties in the amount of 4% of Net Revenues. This amount will be due on the fifth business day following the end of each calendar quarter.

7. Related Party Transactions

During the year ended December 31, 2007, the Subsidiary purchased the right, title, and interest of the Technology discussed in Note 5 for \$1 from a stockholder of the Company.

During the year ended December 31, 2008, a stockholder loaned Cherry Tankers \$2,301. As of December 31, 2008, the Company repaid \$450 of this amount. The loan from the stockholder is unsecured, noninterest bearing, and has no terms for repayment.

8. Recent Accounting Pronouncements

The Company has evaluated recent accounting pronouncements and their adoption has not had or is not expected to have a material impact on the Company's financial position, or statements.

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

9. Subsequent Events

On January 11, 2009, Elya Orthopedics, Ltd. (Elya), a sole proprietorship owned by an officer, Director, and stockholder of Cherry Tankers, entered into a patent licensing agreement (the Patent License Agreement #2) with the Company s Subsidiary.

Effective May 17, 2009, the Company terminated the license agreement, dated November 27, 2007, with its wholly-owned subsidiary, Cherry Tankers Ltd.

Effective May 17, 2009, the Company s wholly-owned subsidiary, Cherry Tankers Ltd., terminated its license agreement dated January 11, 2009 with Elya Orthopedics Ltd.

On October 30, 2009, the Company filed an Amended and Restated Certificate of Incorporation in order to, among other things, change its name from Cherry Tankers Inc. to Genesis Fluid Solutions Holdings, Inc. and to authorize a class of blank check preferred stock.

On October 30, 2009, the Company entered into an Agreement of Merger and Plan of Reorganization (the Merger Agreement) with Genesis Fluid Solutions, Ltd., a privately held Colorado corporation (Genesis Fluid Solutions), and Genesis Fluid Solutions Acquisition Corp., our newly formed, wholly-owned Delaware subsidiary (Acquisition Sub). Upon closing of the transaction contemplated under the Merger Agreement (the Merger), Acquisition Sub merged with and into Genesis Fluid Solutions, and Genesis Fluid Solutions, as the surviving corporation, became a wholly-owned subsidiary of the Company.

On August 31, 2010, the Company selected Blue Earth, Inc. as its new corporate name subject to shareholder approval, as the Board of Directors elected to broaden the Company s focus to include additional market sectors of the clean technology industry in general, in contrast to only focusing on waterway restoration and remediation. The Company intends to continue to capitalize on its past investments in the patented Rapid Dewatering System, through

royalty agreements negotiated from the sale of the Company's wholly-owned subsidiary to a group of buyers, including a former officer and director.

On August 27, 2010, the Company entered into a Stock Purchase Agreement (the "SPA"). Pursuant to the SPA, the Buyers who signed the SPA, including Michael Hodges, the Chairman and Interim Chief Executive Officer of the Company, agreed to purchase from the Company on or before August 31, 2010, all of the issued and outstanding common stock of GFS, its wholly-owned subsidiary. The Purchase Price for GFS was (a) an aggregate of approximately 6,302,690 shares of Common Stock of the Company to be cancelled including, an aggregate of 1,300,000 shares of Common Stock of the Company currently held under an Escrow Agreement; (b) an aggregate of approximately 3,011,000 options and warrants of the Company to be cancelled; and (c) GFS's payment to the Company of a six (6%) percent royalty beginning August 8, 2010, on all gross revenues derived from (i) dewatering corporations (exclusive of payments to subcontractors) and (ii) the sale, lease or licensing arrangements of the Rapid Dewatering System and/or any of the dewatering boxes of GFS and its affiliates until the Company receives \$4,000,000 and a royalty of three (3%) percent of gross revenues thereafter not to exceed a cumulative royalty of \$15,000,000 (the "Royalty").

The closing of the Stock Purchase Agreement occurred on August 31, 2010, at which time the Company: (i) received of all of the certificates representing the Company Shares, Options, Warrants, and Escrowed Shares (each, as defined in the Stock Purchase Agreement) issued to the Buyers, (ii) entered

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

9. Subsequent Events (Continued)

into an agreement regarding the assignment of the Royalty by GFS and its successors and assigns to the Company, and all other closing conditions were satisfied. Following the closing, the GFS ceased to be a wholly-owned subsidiary of the Company and the Buyers, collectively, became the owners of one hundred percent (100%) of the issued and outstanding capital stock of GFS.

On December 30, 2010, Castrovilla Energy, Inc., a recently formed California subsidiary of the Company entered into agreements, subject to final Board approval, to acquire substantially all of the assets of Humitech of Northern California, LLC (Humitech), a California limited liability company and its related company, Castrovilla, Inc. (the Castrovilla Acquisition) Castrovilla s strategy is to sell lighting and HVAC bundled retrofits to its customer base.

The purchase price for Humitech, under the Asset Purchase Agreement (APA) was \$600,000. This consisted of the payment of \$150,000 of affiliated debt and the issuance of 267,857 shares of restricted Common Stock of Blue Earth, Inc. with an agreed upon value of \$450,000, or \$1.68 per share, the average closing price of the Company s Common Stock from September 1-23, 2010, when the terms of the transaction were agreed to. The Company also assumed trade debt of approximately \$121,000. Humitech will remain an unaffiliated non-operating entity in order to pay its other liabilities with the proceeds of the shares received from the Company, as well as from an inter-company note in the amount of \$331,579 from Castrovilla, Inc.

On December 30, 2010, Castrovilla Energy, Inc. (CEI), a wholly-owned subsidiary of the Company s subsidiary, Blue Earth Energy Management Services, Inc. (BEEMS) entered into an Agreement and Plan of Merger (the Plan) with Castrovilla, Inc. and the Stockholders of Castrovilla, Inc. with an Effective Date of January 1, 2011, subject to final Board approval which was obtained on January 18, 2011. CEI has merged with and into Castrovilla, Inc. which will continue its existence as a wholly-owned California subsidiary of BEEMS. Under the Plan, the Company issued an aggregate of 1,011,905 shares of its Common Stock valued at \$1.68 per share or \$1,700,000 to the stockholders of Castrovilla, Inc. in exchange for all of the outstanding capital stock of Castrovilla, Inc

On September 7, 2011, the Company acquired Xnergy, Inc. (Xnergy), a Carlsbad, California based energy services company (the Xnergy Acquisition). Xnergy provides a broad range of comprehensive energy solutions including specialized mechanical engineering and the design, construction and implementation of energy savings projects, energy conservation, energy infrastructure outsourcing, power generation and energy supply and risk management. Xnergy also provides comprehensive maintenance and service programs, including every aspect of heating, ventilation and air-conditioning (HVAC), mechanical systems for design-build to repair and retrofit services.

Xnergy has an alternative energy project pipeline opportunity of approximately \$585 million. The projects are all located in California and the target clients are those that have a premium credit rating and have large energy needs. These candidates include hotels/casinos industrial manufacturing, life sciences, telecommunications, medical, churches, pharma and public facilities. The \$585 million alternative energy project pipeline is comprised of designing, building, implementing and servicing three cutting-edge alternative energy technologies: Solar PV, Geothermal and Fuel Cells.

Pursuant to the terms and conditions of an Agreement and Plan of Merger (the Plan), the Company purchased all of the capital stock of Xnergy for a Purchase Price of \$15,012,010 (the Purchase Price). The Company issued to the two shareholders of Xnergy, D. Jason Davis and Joseph Patalano.

CHERRY TANKERS, INC. AND SUBSIDIARY

(A DEVELOPMENT STAGE COMPANY)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

9. Subsequent Events (Continued)

(the Xnergy Stockholders) an aggregate of 4,500,000 shares of restricted Common Stock, valued at \$3.00 per share. However, the Common Shares were subsequently valued at \$1.72 per share for accounting purposes based upon the average closing price of the Company's Common Stock from September 8, 2011 through trading on September 26, 2011. The shares are subject to a lock-up period whereby 1,000,000 of the shares are eligible for sale beginning one year from the closing date and the remaining 3,500,000 shares are eligible for sale commencing two years from the Closing Date. The Xnergy Stockholders acquired all of the shares of Xnergy owned by a former stockholder of Xnergy, for \$1,512,010 evidenced by a promissory note. The Company paid the Xnergy stockholders \$10.00 and other good and valuable consideration for the right to assume payment to the former stockholder. The Company has already made two payments and will continue to make payments of \$1,415,088 for up to 30 months to the former stockholder. These shares are currently held in escrow and Blue Earth has the right to vote the Shares while they are in escrow.

The Company had advanced an aggregate of \$620,557 to or on behalf of Xnergy in addition to the Purchase Price. The Company is obligated to make an additional \$400,000 capital contribution to Xnergy within three days of the Closing.

The Company simultaneously entered into a Securities Purchase Agreement with Messrs. Davis and Patalano, the members of eco Legacy LLC, to acquire said company which will continue to serve as a financing vehicle for Xnergy Distributed Energy Project and is expected to receive recurring revenue from the equity portion of the alternative energy pipeline project described above. The consideration for the acquisition of ECO Legacy LLC was Blue Earth's assumption of \$143,681 liability for legal services rendered to Xnergy. Hence, for valuation purposes, the proper price/share for accounting purposes is \$1.72/share or \$7,740,000 for the shares plus the cash component as stated above.

In accordance with ASC 855, management evaluated subsequent events through the date these financial statements were issued and the Company had no additional material subsequent events to report.

F-14

Item 9. Changes In and Disagreements with Accountants on Accounting and Financial Disclosure.

Lake & Associates CPA's is our registered independent auditor. As previously described in the Explanatory Note the Davis Accounting Group, P.C. was not licensed when it issued the audit reports on the Company's financial statements for fiscal years ended December 31, 2007 and December 31, 2008

ITEM 9A(T). CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of management, including our Chief Executive Officer and our Chief Financial Officer, we have evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the Exchange Act). Such disclosure controls and procedures are designed to provide reasonable assurance that information, which is required to be disclosed in our reports filed pursuant to the Exchange Act, is recorded, processed, accumulated, and communicated to management within the time periods specified in the SEC's rules and forms. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, which consists of our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of internal control over financial reporting based on criteria established in the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), as supplemented by the COSO publication *Internal Control over Financial Reporting - Guidance for Smaller Public Companies*. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our internal control over financial reporting was effective as of December 31, 2008, based on these criteria.

Management is aware that there is a lack of segregation of duties at the Company because there are only two people dealing with financial and accounting matters. In order to compensate for the lack of segregation of duties, our Chief

Executive Officer and Chief Financial Officer and an outside accountant review the books and records including invoices, checks, contracts, general ledger, journal entries, financial statements and disclosures to ensure that all material transactions are recorded and disclosed properly and material misstatements are avoided. Notwithstanding the above regarding the lack of segregation of duties, management, including our Principal Executive Officer and Principal Financial and Accounting Officer, believes that the consolidated financial statements included in this annual report present fairly, in all material respects, our financial condition, results of operations and cash flows for the periods presented.

This annual report does not include an attestation report of our registered independent auditors regarding internal control over financial reporting. Management's report was not subject to attestation by our registered independent auditors pursuant to temporary rules of the SEC that permit us to provide only management's report in this annual report.

Changes in Internal Control Over Financial Reporting

During the quarter ended December 31, 2008, there were no changes in our internal controls that have materially affected or are reasonably likely to have materially affected our internal control over financial reporting.

Our management, including the Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

PART III

Item 10. Directors, Executive Officers, Promoters , Control Persons and Corporate Governance; Compliance With Section 16(a) of the Exchange Act.

Directors, Executive Officers, Promoters, and Control Persons

Each director of our Company serves for a term of one year or until the successor is elected at the Company's annual shareholders' meeting and is qualified, subject to removal by the Company's shareholders. Each officer serves, at the pleasure of the Board of Directors, for a term of one year and until the successor is elected at the annual meeting of the Board of Directors and is qualified.

Set forth below is the name, age, present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of our current Directors and executive officers.

Name and Business	Age	Position
Address		
Dr. Reuven Gepstein	59	President, Chief Executive
Herzeliya Medical Center		Officer, and Director
Herzeliya Pituach, Israel		
Ms. Yael Alush	26	Secretary, Treasurer and
78 Sokolov St. Herzeliya, Israel		Director

Dr. Reuven Gepstein has been our Director and our President and Chief Executive Officer since joining our company on November 22, 2007. Dr. Gepstein is the head of the Spinal unit at the Sapir Medical Center in Israel. He is a practicing spinal surgeon. Dr. Gepstein received his MD from the Technion School of Medicine in Israel in 1978 and received his specialization certificate in 1984. He has been a practicing spinal surgeon ever since. Dr. Gepstein has written numerous research papers in the field of spinal surgery and participated in conferences on the matter in 2007 in Switzerland, in 2006 in Greece, Turkey and Israel, in 2005 in Russia, and in 2003 in Korea.

Ms. Yael Alush has been our Director, Treasurer and Secretary since joining the Company on November 22, 2007. Ms. Alush is currently the owner of the ELYA Orthotics Center in Herzeliya, Israel. Ms. Alush is responsible for sales, customer service, bookkeeping and sourcing of products. The facility caters to individuals seeking out orthotics. Ms. Alush has been at ELYA Orthotics since 2003. Between 2001 and 2003, Ms. Alush worked at the Israel Center for Orthotics where she worked as a customer service representative.

There are no familial relationships among our Directors and officers. None of our Directors or officers is a director in any other reporting companies. None of our Directors or officers has been affiliated with any company that has filed for bankruptcy within the last five years. We are not aware of any proceedings to which any of our officers or Directors, or any associate of any such officer or Director, is a party adverse to us or to our Subsidiary or has a material interest adverse to us or to our Subsidiary.

Audit Committee; Financial Expert

The Board of Directors has not established an audit committee and does not have an audit committee financial expert. The Board is of the opinion that an audit committee is not necessary since the Company has only two Directors and to date, such Directors have been performing the functions of an audit committee.

Code of Ethics

The Company has not yet adopted a Code of Ethics because it has only two Directors and officers.

Compliance with Section 16(a) of the Exchange Act

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who beneficially own more than 10% of our common stock, the class of our equity securities, to file with the SEC initial reports of beneficial ownership and reports of changes in ownership of our common stock. Reporting persons are required under SEC rules to furnish us with copies of all Forms 3, 4 and 5 which they file. During the year ended December 31, 2008, all required reports were filed.

Item 11. Executive Compensation.**Summary Compensation**

Since our incorporation on March 30, 2007, we have not paid any compensation to our Directors or officers. On April 15, 2007, Dr. Reuven Gepstein, our President, Chief Executive Officer and Director purchased 900,000 shares of our common stock at par value, and on June 18, 2007, Mrs. Yael Alush, our Secretary, Treasurer and Director purchased 962,500 shares of our common stock at par value. Dr. Gepstein and Ms. Alush did not join us until November 22, 2007. The officers and Directors of our Company do not intend to receive cash remuneration or salaries for their efforts unless and until our business operations are successful, at which time salaries and other remuneration will be established by the Board of Directors, as appropriate.

We have no employment agreements with any of our Directors or executive officers.

During the year ended December 31, 2008, no stock options or stock appreciation rights were granted to any of our Directors or executive officers, none of our Directors or executive officers exercised any stock options or stock appreciation rights, and none of them held unexercised stock options as of December 31, 2008. We have no long-term incentive plans.

The following table sets forth information concerning the compensation paid or earned during the year ended December 31, 2008 for services rendered to our Company in all capacities by our principal executive officer and any officer with total compensation over \$100,000 per year.

SUMMARY COMPENSATION TABLE									
Name		Non-Equity					Nonqualified		
and		Salary	Bonus	Stock Awards	Option Awards	Incentive Plan Compensation	Deferred Compensation	All Other Compensation	Total
principal	Year	(\$)	(\$)	(\$)	(\$)	(\$)	Earnings (\$)	(\$)	(\$)
position	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
(j)									
Dr. Reuven Gepstein (1)	2008	0	0	0	0	0	0	0	0
	2008	0	0	0	0	0	0	0	0

Ms. Yael
Alush (2)

(1) Dr. Reuven Gepstein was been our President, Chief Executive Officer, and Director as of December 31, 2008.

(2) Ms. Yael Alush was been our Secretary, Treasurer and Director as of December 31, 2008.

Outstanding Equity Awards

As of December 31, 2008, none of our Directors or executive officers held unexercised options, stock that had not vested, or equity incentive plan awards.

Compensation of Directors

No compensation was paid to our Directors during the year ending December 31, 2008.

The following table sets forth information concerning the compensation paid or earned during the year ended December 31, 2007 to our Directors.

Name	DIRECTOR COMPENSATION						Total (\$)
	Fees Earned or Paid in Cash	Stock Awards	Option Awards	Non-Equity Incentive Plan Compensation	Non-Qualified Deferred Compensation Earnings	All Other Compensation	
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(j)
Dr. Reuven Gepstein	0	0	0	0	0	0	0
Ms. Yael Alush	0	0	0	0	0	0	0

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The following table lists, as of February 3, 2009, the number of shares of common stock of our Company that are beneficially owned by (i) each person or entity known to our Company to be the beneficial owner of more than 5% of the outstanding common stock; (ii) each officer and Director of our Company; and (iii) all officers and Directors as a group. Information relating to beneficial ownership of common stock by our principal stockholders and management is based upon information furnished by each person using beneficial ownership concepts under the rules of the Securities and Exchange Commission. Under these rules, a person is deemed to be a beneficial owner of a security if that person has or shares voting power, which includes the power to vote or direct the voting of the security, or investment power, which includes the power to vote or direct the voting of the security. The person is also deemed to be a beneficial owner of any security of which that person has a right to acquire beneficial ownership within 60 days. Under the Securities and Exchange Commission rules, more than one person may be deemed to be a beneficial owner of the same securities, and a person may be deemed to be a beneficial owner of securities as to which he or she may not have any pecuniary beneficial interest. Except as noted below, each person has sole voting and investment power.

The percentages below are calculated based on 13,705,000 shares of our common stock issued and outstanding as of January 8, 2009. We do not have any outstanding options, warrants or other securities exercisable for or convertible into shares of our common stock. Unless otherwise indicated, the address of each person listed is c/o Cherry Tankers, Inc. 78 Sokolov Street, Herzeliya, Israel.

Name of Beneficial Owner	Title Of Class	Amount and Nature of Beneficial	
		Ownership	Percent of Class
Dr. Reuven Gepstein (1)	Common	900,000	6.57%
Yael Alush (2)(3)	Common	962,500	7.02%
Directors and Officers as a Group (2 persons)(3)	Common	1,862,000	13.59%
Rivka Benchaya 97 Hanasi Street Herzeliya, Israel	Common	1,509,000	11.01%
Ofer Ben-Ner 21 Hagefen Street Tzaron, Israel	Common	1,045,000	7.62%
Sharone Perlstein(4)	Common	2,509,000	18.31%

4 HaOgen Street

Herzeliya, Israel

Sivan Alush(5)

3 Haait Street

Raanana, Israel

Common

962,500

7.02%

Haim Perlstein(6)

9 Meshesk Street

Givat Chen, Israel

Common

467,500

3.41%

Atsmaout Perlstein(7)

9 Meshesk Street

Givat Chen, Israel

Common

467,500

3.41%

Shomit Yaron(8)

4 HaOgen Street

Herzeliya, Israel

Common

509,000

3.71%

(1) Our President, Chief Executive Officer, and Director

(2) Our Secretary, Treasurer and Director.

(3) Does not include 962,500 shares owned by Sivan Alush, Ms. Yael Alush's sister, with respect to which Ms. Yael Alush disclaims beneficial ownership.

(4) Does not include 467,500 shares owned by Haim Perlstein and 467,500 shares owned by Atsmaout Perlstein, Mr. Sharone Perlstein's father and mother, respectively, with respect to which Mr. Sharone Perlstein disclaims beneficial ownership. Does not include 509,000 shares owned by Shlomit Yaron, Mr. Sharone Perlstein's wife, with respect to which Mr. Sharone Perlstein disclaims beneficial ownership.

(5) Does not include 962,500 shares owned by Yael Alush, Ms. Sivan Alush's sister and our Secretary, Treasurer and Director, with respect to which Ms. Sivan Alush disclaims beneficial ownership.

(6) Does not include 467,500 shares owned by Atsmaout Perlstein and 2,509,000 shares owned by Sharone Perlstein, Mr. Haim Perlstein's former wife and son, respectively, with respect to which Mr. Haim Perlstein disclaims beneficial ownership.

(7) Does not include 467,500 shares owned by Haim Perlstein and 2,509,000 shares owned by Sharone Perlstein, Ms. Perlstein's former husband and son, respectively, with respect to which Ms. Perlstein disclaims beneficial ownership.

(8) Does not include 2,509,000 shares owned by Sharone Perlstein, Ms. Yaron's husband, with respect to which Ms. Yaron disclaims beneficial ownership.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Certain Relationships and Related Transactions

On April 15, 2007, by action taken by our Board of Directors, we accepted Dr. Reuven Gepstein's subscription for 900,000 shares at par for a total consideration of \$90.00. The shares were issued under Regulation S. On November 22, 2007, Dr. Gepstein was appointed our President, Chief Executive Officer and Director.

On June 18, 2007, by action taken by our Board of Directors, we accepted Yael Alush's subscription for 962,500 shares at par for a total consideration of \$96.20. The shares were issued under Regulation S. On November 22, 2007, Yael Alush was appointed our Secretary, Treasurer and Director.

On January 11, 2009, our Subsidiary granted a renewable, non-transferable, sub-licensable license to make use of our technology for the sole purpose of manufacturing, marketing, distributing and selling the shoes and otherwise exploiting our technology in Israel to Elya Orthopedics Ltd (Elya). Elya is a sole proprietorship owned by Yael Alush, our Secretary, Treasurer and Director.

In January 2009, one of our shareholders lent us \$11,000 to pay the legal and accounting costs of preparing this annual report, and of preparing a post-effective amendment to the registration statement that we filed on Form SB-2 that became effective in January 2008, which we hope to file in the near future.

Director Independence

We are not subject to listing requirements of any national securities exchange or national securities association and, as a result, we are not at this time required to have our board comprised of a majority of independent directors. We do not believe that any of our Directors currently meet the definition of independent as that term is defined by the rules and regulations of the American Stock Exchange or any other national securities exchange.

Item 14. Principal Accountant Fees and Services.

(1) AUDIT FEES

The aggregate fees billed for the year ending December 31, 2008 for professional services rendered by the principal accountant for the audit of our annual consolidated financial statements included in our Form 10-K or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for such period was \$22,000.

(2) AUDIT-RELATED FEES

The aggregate fees billed for year ending December 31, 2008 for assurance and related services by the principal accountant that are reasonably related to the performance of the audit or review of our consolidated financial statements was \$0.

(3) TAX FEES

The aggregate fees billed for the year ending December 31, 2008 for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning was \$0.

(4) ALL OTHER FEES

The aggregate fees billed for the year ending December 31, 2008 for products and services provided by the principal accountant, other than the services reported above was \$0.

(5) PRE-APPROVAL POLICIES AND PROCEDURES

Before the accountant is engaged by us to render audit or non-audit services, the accountant is nominated and approved by our Board of Directors.

Part IV

Item 15. Exhibits and Financial Schedules.

Exhibit	Description
---------	-------------

*3.1	Our Articles of Incorporation, incorporated by reference herein from Exhibit 3.1 to our Registration Statement on Form SB-2 (Registration No. 333-148346) filed with the Securities and Exchange Commission on December 26, 2007
------	--

*3.2	Our By-Laws, incorporated by reference herein from Exhibit 3.2 to our Registration Statement on Form SB-2 (Registration No. 333-148346) filed with the Securities and Exchange Commission on December 26, 2007
------	--

Edgar Filing: Blue Earth, Inc. - Form 10-K/A

- *4.1 Specimen of our common stock certificate, incorporated by reference herein from Exhibit 4.1 to our Registration Statement on Form SB-2 (Registration No. 333-148346) filed with the Securities and Exchange Commission on December 26, 2007
- *10.1 Form of our Regulation S Subscription Agreement, incorporated by reference herein from Exhibit 10.2 to our Registration Statement on Form SB-2 (Registration No. 333-148346) filed with the Securities and Exchange Commission on December 26, 2007
- 10.2 Form of renewable, non-transferable, sub-licensable license to make use of our technology for the sole purpose of manufacturing, marketing, distributing and selling the shoes and otherwise exploiting our technology in Israel between Cherry Tankers Ltd., our wholly-owned subsidiary and Elya Orthopedics (Elya). Elya is a sole proprietorship owned by Yael Alush, our Secretary, Treasurer and Director.
- 31.1 Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Previously filed

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Henderson, State of Nevada on the 14th day of December, 2011.

BLUE EARTH, INC.

By: /s/ Johnny R.
Thomas
Name: Johnny R.
Thomas
Title: Chief Executive
Officer

(Principal
Executive Officer
and Principal
Accounting
Officer)

Pursuant to the requirements of Section 13 or 15(d) the Exchange Act of 1934, this report has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Laird Q. Cagan</u> Laird Q. Cagan	Chairman of the Board	December 14, 2011
<u>/s/ Johnny R. Thomas</u> Johnny R. Thomas	Chief Executive Officer and Director	December 14, 2011

