BALTIA AIR LINES INC
Form 10-K
April 16, 2013
UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, DC 20549
FORM 10-K

Mark One

[X]	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the Fiscal Year ended December 31, 2012
[ ]	TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For the transition period from January 1, 2012 to December 31, 2012

Date of Report: April 16, 2013
BALTIA AIR LINES, INC.
(Exact name of Registrant as specified in its charter)

NEW YORK(State of Incorporation)	11-2989648(IRS Employer Identification No.)

JFK International Airport, Building 151, Jamaica, NY 11430(Address of principal executive offices)(718) 244 8880(Registrant's telephone number, including area code)

Title of each class -None-	Name of each Exchange on which registered -None-

Securities Registered pursuant to Section 12(g) of the Exchange Act:

Common Stock, (Title of Class)	$.0001 Par Value

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the 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. Yes [X] - - No [ ]

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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act of 1934). Yes [ ] No [X]

The aggregate market value of the voting common equity held by non-affiliates as of December 31, 2012 is $23,185,507.

The number of shares of the registrant's common stock outstanding as of April 15, 2013 was 2,579,123,580.

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PART I

Item 1. Business.

Baltia Air Lines, Inc. (the "Company" or "Baltia" or "Baltia Air Lines") is a Part 121 (heavy jet operator) start-up United States airline with Government fitness approval and is currently conducting the FAA Air Carrier Certification. Upon completion of the Air Carrier Certification, Baltia will commence scheduled non-stop service from its Base of Operations at Terminal 4, JFK Int'l Airport in New York to Pulkovo II Int'l Airport of St. Petersburg.Baltia Air Lines, Inc. was organized in the State of New York on August 24, 1989.

On December 19, 2008, the U.S. Department of Transportation (DOT) issued its Order to Show Cause, finding that Baltia Air Lines is fit, willing and able to engage in international air transport of persons, property and mail. Baltia was awarded the non-stop route from JFK International Airport, New York, New York to Pulkovo International Airport, St. Petersburg Russia. Baltia was also authorized for worldwide charter services. Baltia had filed its application with the DOT in October 2007.

On March 20, 2009 the DOT awarded Baltia Air Lines its initial frequencies for flights from JFK to St. Petersburg.

On August 18, 2009, the Company purchased its first Boeing 747 aircraft from Logistic Air, Inc.

In the first quarter of 2010, we leased engines on a power by the hour basis from Logistic Air, Inc. The engines have been delivered and installed on the aircraft.

In the last quarter of 2010, we purchased our second Boeing 747 aircraft from Kalitta Air.

Baltia carries $500,000,000 aircraft liability insurance, and has placed $1.2 billion airline liability insurance through JLT Aerospace meeting the regulatory requirement in preparation for the commencement of revenue service. The Company will carry airline liability insurance as required for a US airline by DOT regulation.

Following the commencement of service on the JFK-St. Petersburg route, Baltia's objective is to develop its route network to Russia, Latvia, Ukraine, and Belarus.

Baltia intends to provide full service, i.e. passenger, cargo and mail. Baltia has two registered trademarks "BALTIA" and "VOYAGER CLASS" and five trademarks are subject to registration.

There is currently no non-stop service from JFK to St. Petersburg. Connecting service is provided mainly by foreign carriers. Finnair, Lufthansa and SAS are the leading competitors in the US-Russia market. KLM, British Airways, Air France, Austrian Airlines, and Swiss International also provide service. However, foreign carriers are required to have intermediate stops at transit airports in their respective countries (Helsinki, Frankfurt, Stockholm, Copenhagen, etc.) because they are "third nation" airlines and as such cannot fly directly between the US and Russia (only a US airline as well as a reciprocating Russian airline is eligible to fly nonstop). Delta and two Russian airlines, Aeroflot and Transaero, currently operate between JFK and Moscow. With the exception of the JFK-Moscow route, there exists no non- stop competitive air transportation service on the routes for which Baltia intends to apply.

Baltia's objective is to establish itself as the leading non-stop carrier in the market niche over the North Atlantic with operations with profitable growth over time. In order to accomplish this objective, we intend to establish and maintain high quality service standards which we believe will be competitive with the European airlines currently providing connecting

flights. Baltia does not expect to be in direct competition with deep discount airlines, including several East European airlines and the offspring of the former Soviet airline Aeroflot, which provide connecting flights.
Baltia intends to provide First, Business, and Voyager Class accommodations. Baltia's passenger market strategy is tailored to particular preferences of the various segments of its customer base, with marketing attention particularly focused on American business travelers with interests in Russia who require high quality, non-stop service from the US to Russia.
Baltia's initial marketing strategy is based on existing agencies specializing in the market, selected travel and business publications, supplemented by direct mailings to corporate travel planners, and individual American businesses that are currently involved in Russia. Soon after the inauguration of flight service, Baltia plans to implement its frequent flyer program. As the marketing matures, Baltia plans to advertise to the general public throughout the US, and in Russia. Baltia also plans to sponsor selected industry and trade events in the US and in St. Petersburg.
Baltia intends to provide customer service and reservations centers in New York and in St. Petersburg, to list Baltia's schedules and tariffs in the Official Airline Guide, and provide world-wide access to reservations on Baltia's flights through a major Computer Reservations and Ticketing System ("CRS").
The Company intends to activate its reservations service when the DOT issues its order authorizing Baltia to sell tickets (expected to be approximately 30 to 45 days before the inaugural flight).
Baltia has identified the following market segments in the U.S.-Russia market: (i) Business Travelers, (ii) General Tourism, (iii) Ethnic Travelers, (iv) Special Interest Groups, (v) Professional Exchanges, and (vi) Government and Diplomatic Travel.
Baltia believes that the direct non-stop service to be offered by it will be superior to the stop-over service currently offered by foreign airlines. A comparison between the two services with respect to passenger convenience and cargo transport efficiency is set forth below.
BALTIA - US flag, non-stop service:
With non-stop service, a passenger can fly from JFK to St. Petersburg in about 8 hours in a Boeing B747 wide body airplane. Cargo arrives containerized, palletized, and secure.
Foreign, stop-over journeys:
With stop-over service, it would take a passenger 10 to 18 hours to fly through Helsinki, Copenhagen, Moscow, or Frankfurt on a foreign carrier. In addition, passengers must change to narrow-body aircraft at a layover airport. Cargo is "broken up" and manually loaded onto narrow-body aircraft, or trucked from Helsinki.
Because of the increased reliability and comfort of a non-stop flight, Baltia expects to capture a portion of the existing traffic.
With the Boeing 747 wide-body aircraft Baltia intends to provide cargo service from JFK to St. Petersburg, offering containers, pallets, and block space arrangements. Baltia expects to carry contract cargo for express shippers. Baltia also plans to market its own "Baltia Courier", "Baltia Express", and "Baltia Priority" express service for letters and packages. Baltia also expects revenues from diplomatic mail and cargo, under the Fly America Act.
Baltia has passenger service and ground service arrangements at JFK and at Pulkovo II Airport in St. Petersburg. As a US carrier flying into a foreign country, Baltia will be eligible to the same degree of priority that a foreign carrier receives when arriving in the US.
Baltia intends to start the JFK-St. Petersburg service with one round- trip flight per week, then increase the frequency to three round trips, and then to five round trips.

Baltia plans to build operating modules and apply them in developing new markets. Once established, Baltia plans to duplicate its JFK-St. Petersburg standards on flights on other transatlantic routes.

Additional revenues from charter flying. Concurrently with with its Part 121 air carrier certification ("Part 121") for scheduled service, Baltia is certifying for world wide charter service. Baltia plans to utilize aircraft time available between scheduled service, to earn additional revenues from charters. We may also qualify our aircraft for military contracts.

As of December 31, 2012, Baltia's staff of twenty-five includes professionals who have extensive major US airline experience in aircraft maintenance, airline operations, airline regulatory compliance, reservation, info technology, passenger service, and administration.

Item 1A. Risk Factors.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 1B. Unresolved Staff Comments.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 2. Properties.

The Company rents space at Concourse A, Terminal 4, JFK International Airport and has headquarters at Building 151, JFK Airport. Baltia has an office space in Pulkovo Airport, St. Petersburg, Russia. In addition, in 2012, Baltia opened its operations office in at Willow Run Airport, Ypsilanti, Michigan.

Item 3. Legal Proceedings.

None.

Item 4. Reserved

PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The following table sets forth the high and low sales prices, as quoted by the OTCBB, for our common stock for each quarter during our two most recent fiscal years ended December 31, 2011 and 2012. These quotations reflect inter-dealers prices, without retail mark-ups, mark-downs or commissions, and may not represent actual transactions.

Fiscal Quarter Ended	High	Low
March 31, 2011	.04	.04
June 30, 2011	.04	.04
September 30, 2011	.05	.04
December 31, 2011	.05	.04
March 31, 2012	.05	.03
	.04	.01

June 30,2012		
September 30, 2012	.04	.01
December 31, 2012	.04	.01

The Company currently estimates that there are more than 1000 holders of record of its common stock. Given its continuing need to retain any earnings to fund its future operations and desired growth, the Company has not declared or paid, nor does it currently anticipate declaring or paying for the foreseeable future, any dividends on the Company's common stock.

Equity Compensation Plan

The Company’s compensation plan is a generic plan that was adopted by its Board without the securities holders approval. Under this plan, Baltia’s President is authorized to negotiate compensation in shares to obtain goods and services necessary to achieve the Company’s goal – commencing commercial flights. All services and goods supplied to Baltia are essential to that goal. Baltia’s president reports to the Board of Directors about the distribution of shares, including shares issued to each officer and director, and the aggregate number of shares issued to all non-employees, such as directors, consultants, advisors, vendors, suppliers, or lenders.

Baltia currently has no written purchase, savings, option, bonus, appreciation, profit sharing, thrift, incentive, or pension.

Item 6. Selected Financial Information.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion includes certain forward-looking statements within the meaning of the safe harbor protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Statements that include words such as "believe," "expect," "should," intend," "may," "anticipate," "likely," "contingent," "could," "may," or other future-oriented statements, are forward-looking statements. Such forward-looking statements include, but are not limited to, statements regarding our business plans, strategies and objectives, and, in particular, statements referring to our expectations regarding our ability to continue as a going concern, generate increased market awareness of, and demand for, our service, realize profitability and positive cash flow, and timely obtain required financing. These forward-looking statements involve risks and uncertainties that could cause actual results to differ from anticipated results. The forward-looking statements are based on our current expectations and what we believe are reasonable assumptions given our knowledge of the markets; however, our actual performance, results and achievements could differ materially from those expressed in, or implied by, these forward-looking statements.

Our fiscal year ends on December 31. References to a fiscal year refer to the calendar year in which such fiscal year ends.

OVERVIEW

The Company was organized in the State of New York on August 24, 1989. Its objective is to provide scheduled air transportation from the U.S. to Russia, and former Soviet Union countries.

Baltia is currently in Phase II of the FAA Air Carrier Certification process. Upon completion of the Air Carrier Certification, Baltia intends to commence scheduled non-stop service from its Base of Operations at Terminal 4, JFK Int'l Airport in New York to Pulkovo II Int'l Airport of St. Petersburg.

Baltia intends to provide full service, i.e. passenger, cargo and mail, and will not be dependent upon one or a few major customers. Baltia has two registered trademarks "BALTIA" and "VOYAGER CLASS" and five trademarks subject to registration.

The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has capital which management believes is sufficient to start revenue operations on the JFK-St. Petersburg route. The Company's operational success may be dependent upon its timely procuring significant external debt and/or equity financing to fund its immediate and nearer-term operations, and subsequently realizing operating cash flows from ticket sales sufficient to sustain its longer-term operations and growth initiatives.

PLAN OF OPERATION

We believe that we have financial capability to commence revenue flight operations. During 2012 and into 2013 we continued to finance our operations through the issuance of our common stock. Until revenue operations begin, our monthly expenditures for administrative and regulatory compliance can be controlled at about $200,000-$400,000. Approximately $1,500,000 is budgeted for certification tasks, and $500,000 for general and administrative expenses. At the time flight service is inaugurated the Company plans to have approximately 20 management and 45 staff personnel.

There can be no assurance that additional financing will be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund operations.

CRITICAL ACCOUNTING POLICIES

Our discussion and analysis of our financial condition and results of operations are based upon our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of our financial statements requires us to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Our estimates, judgments and assumptions are continually re-evaluated based upon available information and experience. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates. Areas in which significant judgment and estimates are used include, but are not limited to, valuation of long-lived assets and deferred income taxes.

Valuation of Long-Lived Assets: We review the recoverability of our long- lived assets, including buildings, equipment and intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on discounted cash flows. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

We amortize the costs of other intangibles (excluding goodwill) over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested for impairment, at least annually, and written down to fair value as required.

The Company complies with FASB ASC Topic 718 "Compensation - Stock Compensation," which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. It also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments. FASB ASC Topic 718 focuses primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. FASB ASC Topic 718 requires an entity to measure the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award (with limited exceptions). That cost will be recognized

over the period during which an employee is required to provide service in exchange for the award the requisite service period (usually the vesting period). No compensation costs are recognized for equity instruments for which employees do not render the requisite service. The grant-date fair value of employee share options and similar instruments will be estimated using option-pricing models adjusted for the unique characteristics of those instruments (unless observable market prices for the same or similar instruments are available). If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.
Our primary type of share-based compensation consists of stock-based awards. We use the fair value method in accordance with ASC 718. We also may use stock options. We use the Black-Scholes option pricing model in valuing options. The inputs for the valuation analysis of the options include the market value of the Company's common stock, the estimated volatility of the Company's common stock, the exercise price of the warrants and the risk free interest rate.

Year	Interest Rate	Dividend Yield	Expected Volatility	Expected Life in Years
2011	4.4%	0.00%	200%	1
2012	3.0%	0.00%	200%	5

Income taxes: The Company accounts for income taxes in accordance with FASB ASC Topic 740 "Income Taxes," which requires accounting for deferred income taxes under the asset and liability method. Deferred income tax asset and liabilities are computed for difference between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on the enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce the deferred income tax assets to the amount expected to be realized.
The determination of the Company's provision for income taxes requires significant judgment, the use of estimates, and the interpretation and application of complex tax laws. Significant judgment is required in assessing the timing and amounts of deductible and taxable items and the probability of sustaining uncertain tax positions. The benefits of uncertain tax positions are recorded in the Company's financial statements only after determining a more-likely-than-not probability that the uncertain tax positions will withstand challenge, if any, from tax authorities. When facts and circumstances change, the Company reassesses these probabilities and records any changes in the financial statements as appropriate.
In accordance with GAAP, the Company is required to determine whether a tax position of the Company is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized could result in the Company recording a tax liability that would reduce stockholders equity. This policy also provides guidance on thresholds, measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition that is intended to provide better financial statement comparability among different entities. Management's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. Generally, the tax filings are no longer subject to income tax examinations by major taxing authorities for years before 2007. Any potential examinations may include questioning the timing and amount of deductions, the nexus of income among various tax jurisdictions and compliance with U.S. federal, state and local tax laws. The Company's management does not expect that the total amount of unrecognized tax benefits will materially change over the next twelve months.

RESULTS OF OPERATIONS

We had no revenues during the fiscal years ended December 31, 2012 and 2011, because (1) we did not fly aircraft in passenger, charter, or freight service, and (2) we could not sell tickets for those services.

Our general and administrative expenses decreased by $13,197,702 to $11,125,526 during fiscal year ended December 31, 2012 as compared to an increase of $5,762,390 during the fiscal year ended December 31,2011. This decrease resulted from the reduction in costs in connection with air carrier certification.

Primarily as a result of air carrier certification, we incurred a net loss of $13,623,873 during the fiscal year ended December 31, 2012 as compared to a net loss of $25,075,497 during the fiscal year ended December 31, 2011.

Our future ability to achieve profitability in any given future fiscal period remains highly contingent upon us beginning flight operations. Our ability to realize revenue from flight operations in any given future fiscal period remains highly contingent upon us obtaining significant equity infusions and/or long-term debt financing sufficient to fund initial operations. Even if we were to be successful in procuring such funding, there can be no assurance that we will be successful in commencing revenue operations or, if commenced, that such operations would be profitable.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception, we have incurred substantial operating and net losses, as well as negative operating cash flows. As of December 31, 2012, we had cash of $12,326, decrease of $45,064 from the cash balance of $57,390 reported at December 31,2011. Our stockholders' equity was $147,187 at December 31, 2012, a decrease of $2,321,403 from the balance of $2,457,590 reported at December 31, 2011.

Our operating activities utilized $3,683,065 in cash during the fiscal year ended December 31, 2012, a decrease of $3,540,116 from the $7,223,181 in cash utilized during the fiscal year ended December 31, 2011.

Our financing activities provided $3,626,882 and $7,807,242 in cash during the fiscal year ended December 31, 2012 and 2011, respectively.

Cash flows through investing activities was $11,119 for the year ended December 31, 2012, an increase of $590,629 from the net cash used by investing activities for the year ended December 31, 2011. The increase is attributable to the proceeds of $144,164 received from the sale of a used 747 aircraft, partially offset by $133,045 used for the purchase of equipment.

Off-Balance Sheet Arrangements: We do not have any off-balance sheet arrangements which have, or are reasonably likely to have, an effect on our financial condition, financial statements, revenues or expenses.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

We are a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934 and are not required to provide the information under this item.

Item 8. Financial Statement Supplementary Data.

None.

Item 9. Changes in and Disagreements with Accountants on Accounting And Financial Disclosures

None

Item 9A(T). Controls and Procedures.

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report, we conducted an evaluation under the supervision and with the participation of our chief executive officer and chief financial officer of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) of the Exchange Act). Based upon this evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms.

Management's Annual Report on Internal Control over Financial Reporting. Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes of accounting principles generally accepted in the United States.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance of achieving their control objectives.

Our management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2012. Based on this evaluation, our management concluded that, as of December 31, 2012, our internal control over financial reporting was effective.

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

Changes in Internal Control Over Financial Reporting. There was no change in our internal controls or in other factors that could affect these controls during our last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. While existing controls may be adequate at present, upon the commencement of flight revenue service we intend to implement controls appropriate for airline operations.

Item 9B. Other Information.

Regulation FD Disclosure of Nonpublic Material Information

The Company has successfully completed Gate I requirements of FAA Air Carrier Certification process

On March 28, 2013, at the FAA East Michigan Flight Standards District Office Baltia Air Lines senior staff and their FAA counterparts conducted a Formal Meeting to review Baltia’s certification documentation and management readiness.

On April 10, 2013, Baltia received confirmation that Baltia’s management personnel, system design, and other supporting documentation were found to be satisfactory.

The FAA Certification Team has determined that Baltia meets the requirements of FAA Order 8900.1 Volume 10 Chapter 2 Section 6 and is fit to enter into Phase II of the ATOS Certification Process.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The following table summarizes certain information with respect to the executive officers and directors of the board :

Name	Age	Position
Igor Dmitrowsky	57	President, CEO, CFO, Chairman of the Board
	78	Executive Vice President

Russell Thal		
Barry Clare	54	Vice President Finance
Walter Kaplinsky	75	Secretary, Director
Andris Rukmanis	51	Vice President Europe, Director
Vick Luis Bolanos	53	Director

Our directors serve until the next annual meeting and until their successors are elected and qualified. Our officers are appointed to serve for one year until the meeting of the board of directors following the annual meeting of stockholders and until their successors have been elected and qualified. There are no family relationships between any of our directors or officers.

A. Board of Directors:

Igor Dmitrowsky

Igor Dmitrowsky, Chairman and President, Chief Executive Officer and CFO, founded the Company in August 24, 1989. Guiding, directing and maintaining daily operations of the Company has been his full time occupation and executive profession throughout the years. Prior to founding Baltia Air Lines, Inc., in 1979, Mr. Dmitrowsky immigrated from Latvia, learned the English language, attended US university in engineering and business, founded American Kefir Corporation, a dairy distribution company, which completed a public offering in 1986 and from which he retired in 1987 and became a U.S. Citizen. As a hobby he designed and began construction of a personal flying machine, became a pilot and pursued an interest in securities.

As of December 2011, Mr. Dmitrowsky had the language, culture and social skills necessary to structure a business involving both the United States and Russia. His engineering and business education as well as the above stated experience enables him to manage the various aspects of an international airline.

No organization to which Mr. Dmitrowsky has been associated is a parent, subsidiary or other affiliate of Baltia Air Lines.

Walter Kaplinsky

Walter Kaplinsky, Director and Corporate Secretary since 1993, has been a retired engineer for the past six years, contributing his time to the Company. Together with Mr. Dmitrowsky, Mr. Kaplinsky was a co-founder of American Kefir Corporation, where he served full-time professionally as Secretary and Vice President. As an emigre from Russia, he has substantial knowledge of the culture which will be the primary destination of the Company.

As of December 2012, Mr. Kaplinsky has knowledge of the Company business operations and efforts, collaborating in the development of the Company business plan since inception, through its earlier efforts to commence operations and to date. In exercising the functions of a corporate Secretary, he served the Company diligently over many years, and provides institutional memory and experience with the problems and powers of the corporate structure.

No organization to which Mr. Kaplinsky has been associated is a parent, subsidiary or other affiliate of Baltia Air Lines, Inc..

Andris Rukmanis

Andris Rukmanis, Director and Vice President Europe, is and has been for more than twenty years a full-time qualified licensed attorney in Latvia, specializing in business law, and has been a Director of the Company since 1990. From 1988 through 1989, he was Senior Legal Counsel for the Town of Adazhi in Riga County, Latvia. From 1989 to 1990, he served as Deputy Mayor of Adazhi.

As of December 2012, Mr. Rukmanis had the political experience, legal education, and language as well as cultural skills that were needed by the Company in light of the Baltia's initial market in European foreign Soviet controlled countries.

No organization to which Mr. Rukmanis has been associated is a parent, subsidiary or other affiliate of Baltia Air Lines, Inc..

Vick Luis Bolanos

Vick Luis Bolanos, has served as Director since 2009. Mr. Bolanos is, and has been since 1992, full-time President of Eastern Construction & Electric, Inc. Since May 2005, Eastern has been the Simplified Acquisition Base Engineering Requirements (SABER) contractor. The USAF uses the SABER contractor to fulfill engineering requirements on a variety of projects, ranging from small renovations to large scale infrastructure needs involving pipelines, electrical substations, and life safety issues. Eastern is also working on McGuire AFB for the Corps of Engineers under a Basic Agreement to both design and build or install several projects and is currently working for the Air Force at Willow Grove Air Station and a Task Order Contract at Fort Monmouth, New Jersey.

As of December 2012, Mr. Bolanos had the specific experience of developing a company from the start as 8a. He understands managing large projects to produce growth and profit. He is familiar with working with government agencies and has specific experience working projects in the aviation field. These skills are critical to the Company in light of Baltia's being a start-up company in aviation with the need to initiate and bring to fruition many projects to enable the Company to grow profitably.

No organization to which Mr. Bolanos has been associated is a parent, subsidiary or other affiliate of Baltia Air Lines, Inc..

B. Executive Officers In Addition to Mr. Dmitrowsky and Mr. Rukmanis:

Russell Thal

Russell Thal, Executive Vice President, joined the Company in year 2000 and his full time occupation has been as Executive Vice President of the Company where he has maintained his executive profession. In 1958, he left the US Army and entered the civilian human relations field. In 1964, he joined Ceabord World Airlines as Personnel Manager. Soon was moved to Director of Crew Scheduling and Dispatch and finished as interface with Military Airlift Command for Ceabord. From 1980 to 1981 he was Director of Stations with responsibility for hiring and outfitting all stations for the start-up New York Air. In 1981, Mr. Thal started Compuflight, Inc., and served as President and Chairman until he retired in 2001. Compuflight provided both flight planning and engineering services to the airline industry.

As of December 2012, Mr. Thal had the specific experience in airline operations and management to assist Baltia President Igor Dmitrowsky. He functions as head of human resources, purchasing and provide all management services required by the Company. Mr. Thal's experience and skills is particularly needed as Baltia is starting up. A limited number of people are required with skills in many fields.

No organization to which Mr. Thal has been associated is a parent, subsidiary or other affiliate of Baltia Air Lines, Inc.

Barry Clare

Barry Clare, Vice President of Finance joined the Company in 2006 and it has been his full-time occupation and profession for the past five years. From 2004 to 2006 Mr. Clare owned his own business as a full-time and profession investment banker. From 2001 to 2004 Mr. Clare had been Chief Operating Officer for Advance Plant Pharmaceuticals, Inc. From 1995 to 1996, Mr. Clare served as Vice President of Intermediaries, Inc., an investment banking firm.

As of December 2012, Mr. Clare had the specific experience in raising capital that has been absolutely critical to the Company's being able to purchase aircraft, hire specialized experts for pursuing certifications, to enlarge the staff and physical workplace, create and maintain a station in St. Petersburg, Russia, and support the extensive travel required to prepare for commencing international scheduled flights. All this has been maintained financially over the past five years with zero operating revenue.

No organization to which Mr. Clare has been associated is a parent, subsidiary or other affiliate of Baltia Air Lines, Inc.

C. Nominations for Director:

Baltia Air Lines, Inc., has had only one recent nomination for director, Vick Luis Bolanos, who was nominated and chosen as a director in 2009 because Baltia sought someone with the skills stated above. The Baltia has four Board members. Each has direct access to others and "hands on" opportunities to advance the Company. Mr. Bolanos was unanimously selected to replace the retiring Board member because he brought insight, experience, and skills that had enabled him to bring Eastern Construction & Electric, Inc. from inception to a large company operating in several geographic locations. Similar to the operations which Mr. Bolanos has been a part of, Baltia is a start-up with plans to become a large company with stations in Russia and in several former Soviet controlled countries.

Item 11. Executive Compensation.

No base salary has been paid to our executive officers during the fiscal years ended December 31, 2012 and 2011.

During the fiscal year ended December 31, 2012, no executive options were granted.

During the fiscal year ended December 31, 2012, no executive stock options were exercised.

In 2012, the Company issued 194,000,000 of its $.0001 par value common stock to its executive offices. These shares were awarded as bonus fully earned and non-assessable, and containing no future earned performance or forfeiture requirements. Of this, 140,000,000 of the shares, valued at $3,220,000 were issued to the Company's President and CEO, Igor Dmitrowsky.

During the year ended December 31, 2011, the Company issued 245,749,998 shares of its $.0001 par value common stock to its executive officers; the shares were recorded at fair value and were awarded as bonus fully earned and non-assessable, and containing no future earned performance of forfeiture requirements. Of this 245,749,998 total, 208,500,000 shares, valued at $10,712,000, was issued to Igor Dmitrowsky, president and CEO.

Name amd Principal Position	Year	Bonus	Stock Awards*	Option Awards*	Non-Equity Incentive Plan Compensation Earnings	Change in Pension Value and Nonqualified Incentive Plan Compensation	All Other Compensation	Total
Igor Dmitrosky	2012	$ -	$ 3,888,000	$ -	$ -	$ -	$ 50,957	$ 3,938,957
President, CEO	2011	-	10,712,000	-	-	-	75,106	10,787,106
Barry Clare	2012	-	858,000	-	-	-	198,285	1,056,285
Vice President	2011	-	1,426,000	-	-	-	347,948	1,773,948
Russell Thal	2012	-	289,000	-	-	-	30,500	319,500
Vice President	2011	-	362,000	-	-	-	51,000	413,000
Walter Kaplinsky	2012	-	76,000	-	-	-	15,960	91,960
Secretary	2011	-	214,000	-	-	-	-	214,000
Andris Rukmanis	2012	-	20,000	-	-	-	-	20,000
	2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Vice President
Europe

* These columns represent the grant date fair value of the awards as calculated in accordance with FASB ASC Topic 718, Compensation – Stock Compensation. The fair value of these equity awards on the date of grant was approximately $5,131,000 and $12,714,000 for stock awards for the years ended December 31, 2012 and 2011. The fair value was estimated using the Black-Sholes option pricing model with the following assumptions: risk free interest rate of 3.0% and 4.4%, for the years ended December 31, 2012 and 2011, respectively, no dividend yield, expected lives between one and five years, and volatility of 200%. The expected term of the equity instruments granted is based on the “simplified method for “plain vanilla” options discussed in SEC Staff Accounting Bulletin (“SAB”) No. 107, as amended by SAB No. 110. The expected volatility is derived from historic volatility of the Company’s stock on the OTCBB for a period that matches the expected term of the equity award. The risk-free interest rate is the yield from a Treasury note corresponding to the expected term of the equity awards.
** Mr. Dmitrowsky was charged additional compensation of $15,000 and $15,000, which represents one-hundred percent of the rent the Company paid for its original corporate headquarters during the years ended December 31, 2012 and 2011, respectively. In addition, during the years ended December 31, 2012 and 2011, Mr. Dmitrowsky received other compensation of $35,957 and $60,106, respectively, for services provided to the Company in lieu of salary.
Mr. Clare was paid additional compensation of $198,285 and $347,948 for the years ended December 31, 2012 and 2011, respectively, which represents amounts paid him for negotiating services in connection with the raise of new equity capital.
Russell Thal was paid additional compensation of $30,500 and 51,000 for services provided the Company during the years ended December 31, 2012 and 2011.
Mr. Kaplinsky was paid additional compensation of $15,960 and $-0- for services provided the Company during the years ended December 31, 2012 and 2011.

EMPLOYMENT AGREEMENTS

The Company has no individual employment agreements with any of its executive officers or employees.

Future Compensation of Executive Officers

The board of directors approves salaries for the Company's executive officers as well as the Company's overall salary structure. For year one following the closing of financing sufficient to commence flight operations, the rate of compensation for the Company's executive officers is expected to be:(i) President $198,000, Executive Vice President $130,000, Vice

President Finance $120,000, (ii) Vice President Marketing $110,000,and (iii) Vice President Europe $90,000. Board directors are not presently compensated and shall receive no compensation prior to commencement of revenue service.

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

As of December 31, 2012, there were 2,465,538,050 shares of common stock, par value $0.0001 outstanding. The following table sets forth, as of December 31, 2012, the ownership of the Company's Common Stock by (i)each director and officers of the Company, (ii) all executive officers and directors of the Company as a group, and (iii) all other persons known to the Company to own more than 5% of the Company's Common Stock. Each person named in the table has or shares voting and investment power with respect to all shares shown as beneficially owned by such person.

Directors and Officers	Common Shares Beneficially Owned	Percent of Total Outstanding, %
Igor Dmitrowsky 63-26 Saunders St., Suite 7I Rego Park, NY 11374	779,662,766	31.62
Russell Thal 26 Ridge Drive Port Washington, NY 11050	20,468,750	0.83
Barry Clare 4319 215th St. Bayside, NY 11361	114,849,998	4.65
Vick Luis Bolanos 633 Monroe St. Riverside, NJ 08075	223,325,001	9.05
Walter Kaplinsky 2000 Quentin Rd. Brooklyn, NY 11229	15,500,000	0.62
Andris RukmanisKundzinsala, 8 Linija 9. Riga, Latvia LV-1005	6,468,750	0.26
Shares of all directors and executive officers as a group (6 persons)	1,160,275,265	47

Item 13. Certain Relationships and Related Transactions.

Mr. Vick Luis Bolanos was elected to the Baltia Board of Directors while he was, and remains, President and Chairman of Eastern Construction & Electric, Inc. The transaction between Baltia and Eastern was made in the ordinary course of business on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with persons not related to the lender; and did not involve more than the normal risk of collectibility or present other unfavorable features. This transaction is discussed further in Note 6 to the Financial Statements infra.

Item 14. Principal Accountant Fees and Services.

In 2011, 2010, 2009 and 2008 the Company paid its independent accountant $7,000 for services in providing an audit of the previous year. In 2012, the Company paid $11,500 for audit services. All other Company accounting and tax preparations have been done in house.

PART IV.

Item 15. Exhibits and Financial Statements.

APPENDIX A - Financial Statements for the Years Ended December 31, 2012 ad 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRMYears Ended December 31, 2012 and 2011

Board of Directors and Shareholders Baltia Air Lines, Inc. New York, NY

I have audited the accompanying balance sheets of Baltia Air Lines, Inc. ("the Company") as of December 31, 2012 and 2011 and the statements of operations, stockholders' equity, and cash flows for the years then ended and for the period from January 1, 2008 to December 31, 2012. The financial statements for the period from inception to December 31, 2007 were audited by other auditors whose reports included an explanatory paragraph that expressed substantial doubt about the Company's ability to continue as a going concern. My opinion on the statements of operations, stockholders' deficit and cash flows for the period from inception to December 31, 2007, insofar as it relates to amounts for prior periods through December 31, 2007, is based solely on the report of the other auditors. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. I was not engaged to perform an audit of its internal control over financial reporting. My audits 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, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion. In my opinion, these financial statements present fairly, in all material respects, the financial position of Baltia Air Lines, Inc. as of December 31, 2012 and 2011 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Baltia Air Lines, Inc. as of December 31, 2012 and the results of its operations and its cash flows for the year period ended December 31, 2012 in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 9 of the financial statements, the Company has incurred a deficit during its development stage of approximately $88 million and consumed approximately $24 million of cash due to its operating activities. The Company may not have adequate readily available resources to fund operations through December 31, 2012. This raises substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 9. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Patrick Rodgers, CPA, PA Patrick Rodgers, CPA, P

Altamonte Springs, FloridaApril 15, 2013

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Baltia Air Lines, Inc.
BALANCE SHEETS
(A Development Stage Company)

	December 31,	
	2012	2011
ASSETS		
Current assets		
Cash	$ 12,326	$ 57,390
Total current assets	12,326	57,390
Property and equipment, net	1,807,456	3,404,258
Other assets:		
Security deposit and other	317,293	317,293
Total assets	$ 2,137,075	$ 3,778,941
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 587,763	$ 205,285
Accrued interest	215625	112,125
Total current liabilities	803,388	317,410
Long-term debt, net of discount	1,186,500	1,003,941
Total liabilities	1,989,888	1,321,351
Stockholders' equity		
Preferred stock, $0.01 par value; 2,000,000 shares authorized, 66,500 issued and outstanding	665	665
Common stock, $.0001 par value; 2,850,000,000 shares	231,856	171,803

authorized, 2,318,550,746 and 1,718,031,382 issued and outstanding at December 31, 2012 and 2011, respectively		
Additional paid-in capital	88,186,977	76,933,560
Deficit accumulated during development stage	(88,272,311)	(74,648,438)
Total stockholders' equity	147,187	2,457,590
Total liabilities and stockholders' equity	$ 2,137,075	$ 3,778,941

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

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Baltia Air Lines, Inc.
STATEMENTS OF OPERATIONS
(A Development Stage Company)

	Years Ended December 31, 2012	2011	From Inception to December 31, 2012
Revenue	$ -	$ -	$ -
Costs and Expenses			
General and administrative	11,125,526	24,323,228	80,773,746
FAA certification costs	622,062	490,851	3,146,209
Training	-	-	225,637
Depreciation	15,000	16,486	371,089
Other	-	-	568,245
Interest	249,565	241,493	1,560,784
Loss on sale of assets	1,607,183	-	1,607,183
Total costs and expenses	13,619,336	25,072,058	88,252,893
Net loss before income taxes	(13,619,336)	(25,072,058)	(88,252,893)
provision for income taxes	4,537	3,439	19,418
Deficit accumulated during development stage	$ (13,623,873)	$ (25,075,497)	$ (88,272,311)
Net loss per weighted share, basic and fully diluted	$ (0.01)	$ (0.02)	
Weighted average number	2,147,024,121	1,416,885,867	

of common
shares outstanding, basic
and fully diluted

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

Baltia Air Lines, Inc,
STATEMENT OF CASH FLOWS
(A Development Stage Company)

	Years Ended December 31,		From Inception to December 31,
	2012	2011	2012
Cash flows from operations			
Deficit accumulated during development stage	$ (13,623,873)	$ (25,075,497)	$ (88,272,310)
Adjustment to reconcile deficit accumulated during			
development stage to cash used in operating activities:			
Depreciation and amortization	15,000	16,486	369,940
Amortization of loan discount	146,059	137,993	294,977
Expenses paid by issuance of common stock and options	7,686,586	17,438,892	57,149,742
Loss on sale of assets	1,607,183	-	1,607,183
Changes in operating assets and liabilities:			
Prepaid expenses	-	50,160	400,301
Accounts payable and accrued expenses	485,980	208,785	3,954,871
Net cash used by operating activities	(3,683,065)	(7,223,181)	(24,495,296)
Cash flows from investing activities			
Purchase of equipment	(133,045)	(502,217)	(3,829,628)
Proceeds from sale of assets	144,164	-	144,164
Security deposits	-	(77,293)	(317,293)
Net cash used by investing activities	11,119	(579,510)	(4,002,757)
Cash flows from financing activities			
Proceeds from issuance of common stock	3,626,882	7,807,242	26,915,861
Proceeds from issuance of preferred stock	-	-	2,753
Loans from related parties	-	-	1,351,573

Repayment of related party loans	-	-	(368,890)
Principal payments on long-term debt	-	-	1,109,183
Acquisition of treasury stock	-	-	(500,100)
Net cash provided by financing activities	3,626,882	7,807,242	28,510,380
Net increase (decrease) in cash	(45,064)	4,551	12,326
Cash, beginning of period	57,390	52,839	-
Cash, end of period	$ 12,326	$ 57,390	$ 12,326
Supplemental cash flow disclosures:			
Cash paid during the year for interest	$ 6	$ 19,504	

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

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Baltia Air Lines, Inc.
(A Development Stage Company)
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	Preferred Stock		Common Stock		Additional Paid-in Capital	Deficit Accumulated During Development Stage	Total
	Shares	Amount	Shares	Amount			
Balance, December 31, 2008	66,500	$ 665	355,767,159	$ 35,577	$ 18,716,994	$ (18,002,863)	$ 750,375
Exercise of warrants and options			32,000,000	3,200			3,200
Shares issued and issuable for cash			154,034,244	15,403	3,686,497		3,701,900
			200,778,636	20,078	9,430,413		9,450,491

Shares issued for services							
Options issued for services					243,787		243,787
Stock issued to purchase airplane			1,000,000	100	24,900		25,000
Net loss						(12,175,550)	(12,175,550)
Balance, December 31, 2009	66,500	665	743,580,039	74,358	32,102,591	(30,178,413)	1,999,201
Stock issued and issuable for cash			115,776,464	11,578	4,365,876		4,377,454
Stock issued for services			252,658,491	25,266	14,984,584		15,009,850
Fair value of options issued as loan incentive					92,745		92,745
Stock issued as loan incentive			6,800,000	680	201,552		202,232
Net loss						(19,394,527)	(19,394,527)
Balance, December 31, 2010	66,500	665	1,118,814,994	111,881	51,747,348	(49,572,940)	2,286,954
Stock issued and issuable for cash			241,369,947	24,137	7,783,105		7,807,242
Stock issued for services			357,846,441	35,786	17,403,106		17,438,892
Net loss						(25,075,498)	(25,075,498)
Balance, December 31, 2011	66,500	665	1,718,031,382	171,804	76,933,559	(74,648,438)	2,457,590
Stock issued and issuable for cash			271,270,882	27,127	3,599,755		3,626,882
Stock issued for services			329,248,482	32,925	7,653,663		7,686,588
Net loss						(13,623,873)	(13,623,873)
Balance, December 31, 2012	66,500	$ 665	2,318,550,746	$ 231,856	$ 88,186,977	$ (88,272,311)	$ 147,187

BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. Summary of Significant Accounting Policies

Basis of Presentation: The financial statements have been presented in a “development stage” format. Since inception, our primary activities have been raising of capital, obtaining financing and of obtaining route authority and approval from the DOT and the FAA. We have not commenced our principal revenue producing activities.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires our management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Cash and Cash Equivalents: For financial statement presentation purposes, we consider those short-term, highly liquid investments with original maturities of three months or less to be cash or cash equivalents. There are no cash equivalents at December 31, 2012 and 2011.

Fair Value of Financial Instruments: FASB ASC 825, “Financial Instruments,” requires entities to disclose the fair value of financial instruments, both assets and liabilities recognized and not recognized on the balance sheet, for which it is practicable to estimate fair value. FASB ASC 825 defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. At December 31, 2012 and 2011, the carrying value of certain financial instruments (cash and cash equivalents, accounts payable and accrued expenses.) approximates fair value due to the short-term nature of the instruments or interest rates, which are comparable with current rates.

Fair Value Measurements: FASB ASC 820 defines fair value and establishes a framework for measuring fair value and establishes a fair value hierarchy which prioritizes the inputs to the inputs to the valuation techniques. Fair value is the price that would be received to sell an asset or amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach, as specified by FASB ASC 820, are used to measure fair value.

Fair Value Hierarchy: FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs), or reflect the Company’s own assumptions of market participant valuation (unobservable inputs). In accordance with FASB ASC 820, these two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

FASB ASC 820 requires the use of observable market data if such data is available without undue cost and effort.

BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. Summary of Significant Accounting Policies (continued)

Measurement of Fair Value

The Company measures fair value as an exit price using the procedures described below for all assets and liabilities measured at fair value. When available, the Company uses unadjusted quoted market prices to measure fair value and classifies such items within Level 1. If quoted market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based or independently-sourced market parameters such as interest rates and currency rates. Items valued using internally generated models are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be inputs that are readily observable. If quoted market prices are not available, the valuation model used generally depends on the specific asset or liability being valued. The determination of fair value considers various factors including interest rate yield curves and time value underlying the financial instruments.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 5-15 years. Expenditures for renewals and betterments are capitalized. Expenditures for minor items, repairs and maintenance are charged to operations as incurred. Gain or loss upon sale or retirement due to obsolescence is reflected in the operating results in the period the event takes place.

Valuation of Long-Lived Assets: We review the recoverability of our long-lived assets, including buildings, equipment and intangible assets, when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on our ability to recover the carrying value of the asset from the expected future pre-tax cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. Our primary measure of fair value is based on discounted cash flows. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

We amortize the costs of other intangibles (excluding goodwill) over their estimated useful lives unless such lives are deemed indefinite. Amortizable intangible assets are tested for impairment based on undiscounted cash flows and, if impaired, written down to fair value based on either discounted cash flows or appraised values. Intangible assets with indefinite lives are tested for impairment, at least annually, and written down to fair value as required.

Stock-Based Compensation Plans: Stock-based awards are accounted for using the fair value method in accordance with ASC 718, Share-Based Payments. Our primary type of share-based compensation consists of stock options. We use the Black-Scholes option pricing model in valuing options. The inputs for the valuation analysis of the options include the market value of the Company’s common stock, the estimated volatility of the Company’s common stock, the exercise price of the warrants and the risk free interest rate.

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BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. Summary of Significant Accounting Policies (continued)

Earnings per Common Share: Basic earnings per share is computed by dividing income available to common shareholders (the numerator) by the weighted-average number of common shares outstanding (the denominator) for the period. Diluted earnings per share assume that any dilutive convertible securities outstanding were converted, with related preferred stock dividend requirements and outstanding common shares adjusted accordingly. It also assumes that outstanding common shares were increased by shares issuable upon exercise of those stock options for which market price exceeds the exercise price, less shares which could have been purchased by us with the related proceeds. In periods of losses, diluted loss per share is computed on the same basis as basic loss per share as the inclusion of any other potential shares outstanding would be anti-dilutive. All options have either expired or been cancelled during 2012. No adjustment has been made to the weighted-average number of shares outstanding in the calculation of earnings per share. For 2011, the earnings per share calculation excluded options of 5,556,818 because they were anti-dilutive.

Income Taxes: We have adopted ASC 740, Accounting for Income Taxes. Pursuant to ASC 740, we are required to compute tax asset benefits for net operating losses carried forward. The potential benefits of net operating losses have not been recognized in these financial statements because the Company cannot be assured it is more likely than not it will utilize the net operating losses carried forward in future years.
We must make certain estimates and judgments in determining income tax expense for financial statement purposes. These estimates and judgments occur in the calculation of certain tax assets and liabilities, which arise from differences in the timing of recognition of revenue and expense for tax and financial statement purposes.
Deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax basis of assets and liabilities using the tax rates and laws in effect when the differences are expected to reverse. ASC 740 provides for the recognition of deferred tax assets if realization of such assets is more likely than not to occur. Realization of our net deferred tax assets is dependent upon our generating sufficient taxable income in future years in appropriate tax jurisdictions to realize benefit from the reversal of temporary differences and from net operating loss, or NOL, carryforwards. We have determined it more likely than not that these timing differences will not materialize and have provided a valuation allowance against substantially all of our net deferred tax asset. Management will continue to evaluate the realizability of the deferred tax asset and its related valuation allowance. If our assessment of the deferred tax assets or the corresponding valuation allowance were to change, we would record the related adjustment to income during the period in which we make the determination. Our tax rate may also vary based on our results and the mix of income or loss in domestic and foreign tax jurisdictions in which we operate.

Effective January 1, 2007, the Company adopted FASB guidelines that address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, we may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. This guidance also provides guidance on derecognition, classification, interest and penalties on income taxes, accounting in interim periods and requires increased disclosures. At the date of adoption, and as of December 31, 2012 and 2011, the Company did not have a liability for unrecognized tax benefits, and no adjustment was required at adoption.

The Company’s policy is to record interest and penalties on uncertain tax provisions as income tax expense. As of December 31, 2012 and 2011, the Company has not accrued interest or penalties related to uncertain tax positions. Additionally, tax years 2007 through 2012 remain open to examination by the major taxing jurisdictions to which the Company is subject.

Upon the attainment of taxable income by the Company, management will assess the likelihood of realizing the tax benefit associated with the use of the carryforwards and will recognize a deferred tax asset at that time.

BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements:

Recently Adopted Standards
In December 2011, the FASB issued ASU No. 2011-11, “Balance Sheet (Topic 210): Disclosures about Offsetting Assets and
Liabilities.” This ASU requires an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. ASU No. 2011-11 will be applied retrospectively and is effective for annual and interim reporting periods beginning on or after January 1, 2013. The Company does not expect adoption of this standard to have a material impact on its results of operations, financial condition, or liquidity.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force), the AICPA, and the Securities Exchange Commission (the "SEC") did not or are not believed by management to have a material impact on the Company's present or future financial statements.
2. Organization and Operations
The Company was formed as a U.S. airline on August 24, 1989 in the State of New York. Our objective is to provide scheduled air transportation from the U.S. to Russia, the Baltic States and Ukraine. In 1991, the Department of Transportation (DOT) granted the Company routes to provide non-stop passenger, cargo and mail service from JFK to St. Petersburg and from JFK to Riga, with online service to Minsk, Kiev and Tbilisi as well as back up service to Moscow. We have two registered trademarks "BALTIA" and "VOYAGER CLASS," and five trademarks subject to registration. Our activities to date have been devoted principally to raising capital, obtaining route authority and approval from the DOT and the FAA, training crews, and conducting market research to develop the Company's marketing strategy.
Regulatory Compliance

We intend to operate as a Part 121 carrier, a heavy jet operator. As such, following certification we will be required to maintain our air carrier standards as prescribed by DOT and FAA regulation and as specified in the FAA approved Company manuals. As part of its regulatory compliance we will be required to submit periodic reports of our operations to the DOT.
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3. Property and Equipment

A summary of property and equipment is as folloows:

	Estimated Useful Life	2012	2011
Airplane	10-15 years	$1,505,738	$ 3,257,085
Office equipment and other	5-7 years	425,986	256,441
Less accumulated depreciation		(124,268)	(109,268)
Net		$ 1,807,456	$ 3,404,258

Current depreciation	$ 15,000	$ 16,486

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BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

4. Stockholders' Equity

Description of Securities

Common Stock: We have 2,850,000,000 authorized shares of Common Stock at $.0001 par value per share. As of December 31, 2012, a total of 2,464,456,384 shares of Common Stock were issued and outstanding and held by over 1000 shareholders. Holders of Common Stock are entitled to receive dividends, when and if declared by the board of directors, subject to prior rights of holders of any Preferred Stock then outstanding and to share ratably in the net assets of the company upon liquidation. Holders of Common Stock do not have preemptive or other rights to subscribe for additional shares. The Certificate of Incorporation does not provide for cumulative voting. Shares of Common Stock have equal voting, dividend, liquidation and other rights, and have no preference, exchange or appraisal rights.

Preferred Stock: We are authorized to issue up to a maximum of 2 million shares (66,500 shares outstanding) of Preferred Stock. We can issue these shares as our board of directors shall from time to time fix by resolution. Our Preferred Stock is not entitled to share in any dividends declared on the Common Stock and has no voting rights. Each share is convertible in to 3 shares of Common. The liquidation preference is set by this conversion formula and results in a pro rata claim on the Company’s assets based upon the underlying common shares issuable (199,500) upon conversion.

Recent Issuance of Unregistered Securities

2012:
Stock Issued for Cash
We issued 271,270,882 shares of our common stock in exchange for receiving a total of $3,626,882 in cash net of offering expenses. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration “transactions by an issuer not involving any public offering.”
We issued 329,248,482 shares of our common stock in exchange for services. The shares were valued at $7,686,586 or about $0.023 per share which reflected the weighted average market value at the time of issuance. 158,100,000 of the shares valued at approximately $3,888,000 were issued to Igor Dmitrowsky our president.

2011:
Stock Issued for Cash
We issued 241,369,947 shares of our common stock in exchange for receiving a total of $7,807,242 in cash net of offering expenses. The shares were deemed to have been issued pursuant to an exemption provided by Section 4(2) of the Act, which exempts from registration “transactions by an issuer not involving any public offering.”

Stock Issued for Services
We issued 357,846,441 shares of our common stock in exchange for services. The shares were valued at $17,438,892 or about $0.049 per share which reflected the weighted average market value at the time of issuance. 148,500,000 of the shares valued at approximately $7.2 million were issued to Igor Dmitrowsky our president.

Summary of Option Activity

All existing options were cancelled in 2012.

BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

5. Income Taxes

The Company has approximately $30.8 million in available net operating loss carryovers available to reduce future income taxes. These carryovers expire at various dates through the year 2032. The Company has adopted ASC 740, Accounting for Income Taxes which provides for the recognition of a deferred tax asset based upon the value the loss carry-forwards will have to reduce future income taxes and management's estimate of the probability of the realization of these tax benefits. We have determined it more likely than not that these timing differences will not materialize and have provided a valuation allowance against our entire net deferred tax asset of approximately $6.1 million.

Utilization of federal and state NOL and tax credit carry-forwards may be subject to a substantial annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986, as amended, and similar state provisions. The annual limitation may result in the expiration of NOL and tax credit carry-forwards before full utilization.

6. Commitments and Contingencies

Facilities: The Company leases office space for its administrative offices, under three month to month agreements, at a combined monthly rental of approximately $27,000. In 2012 and 2011 expense was $618,544 and $336,979 respectively.

7. Long-Term Debt-Related Party:

On December 1, 2010, the Company entered into a loan arrangement with a company owned or controlled by one of our directors for a total amount of $1,150,000. The Company issued a note bearing interest at 9% per annum payable quarterly and a maturity date of March 31, 2013. The Company will be obligated to repay the note prior to the maturity date upon raising $4 million or from the proceeds of operating revenue. As a loan inducement the Company issued 6.8 million shares of common stock and 3.4 million warrants. A placement fee of $50,000 was paid from the proceeds of this loan. The note is secured by both aircraft up to a limit of $2.9 million.

The Company recorded the relative fair value of the shares and warrants of $294,297 as additional paid-in capital and established a discount on the debt. The discount is being amortized over the life of the note (27 months) at an effective rate of 14.98%. The note is carried net of the discount.

8. Management's Plan of Operation

We believe we currently have sufficient capital to commence revenue flight operations and to maintain our current level of operations. During 2012 and into 2013 we continue to finance our operations through the issuance of our common stock and the continued exercise of warrants. Until revenue operations begin, our monthly expenditures for administrative and regulatory compliance can be controlled at about $200,000-$400,000. Based on current reserves we have sufficient capital to support our development stage operations through the most of 2013.

In 2012 we raised $3.6 million in a private placement in order to start revenue flight operations. Based on our prior experience with certification and current preparations the management believes that the launch budget, previously reviewed by the DOT, will be adequate to complete certification and to commence flight service. Approximately

$300,000 is budgeted for aircraft, $450,000 for certification tasks, and $300,000 for general and administrative expenses. At the time flight service is inaugurated the company plans to have approximately 15 management and 45 staff personnel.

Management has considered the overall pipeline effect that enhances the initial cash position of a startup carrier. It is the industry practice for passengers to purchase tickets in advance of their flights while service vendors bill the carrier later.

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BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

8. Management's Plan of Operation (continued)

In order that a new airline would not fly empty on day one, approximately 30 days prior to the expected inaugural date the DOT authorizes sales of tickets and cargo. Such funds from advance sales, estimated at approximately $3 mm for the company, accumulate in an escrow account, and are released upon the issuance of the air carrier certificate.

There can be no assurance that additional financing will be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund expansion.

9. Going Concern

The accompanying financial statements have been prepared assuming that the company will continue as a going concern, which contemplates the recoverability of assets and the satisfaction of liabilities in the normal course of business. Currently, the Company has a minimum cash balance available for the payment of ongoing operating expenses, and its operations has not of yet produced any revenue, which would allow it to cover its operational costs and allow it to continue as a going concern. Since inception, the Company has incurred a deficit during its development stage of approximately $88.0 million and consumed approximately $21.0 million. The continued operations of the Company is dependent upon implementing airline service that would generate profits and raising sufficient capital through placement of its common stock or issuance of debt securities, which would enable the Company to carry out its business plan.

In the event we do not generate sufficient funds from revenues or financing through the issuance of our common stock or from debt financing, we may be unable to fully implement our business plan and pay our obligations as they become due, any of which circumstances would have a material adverse effect on our business prospects, financial condition, and results of operations. The accompanying financial statements do not include any adjustments that might be required should the Company be unable to recover the value of its assets or satisfy its liabilities.

During 2012 and into 2011, we continue to finance our operations through the issuance of our common stock and the continued exercise of warrants. Until revenue operations begin, our monthly expenditures for administrative and regulatory compliance can be controlled at about $200,000-$400,000.

In 2012, we raised $3.6 million a private placement in order to start revenue flight operations. Revenue services did not start in 2011 as planned, and, as of April 15, 2013, we still have not implemented revenue producing services. At the time flight service is inaugurated, the company plans to have approximately 15 management and 45 staff personnel.

Management has considered the overall pipeline effect that enhances the initial cash position of a startup carrier. It is the industry practice for passengers to purchase tickets in advance of their flights while service vendors bill the carrier later.

In order that a new airline would not fly empty on day one, approximately 30 days prior to the expected inaugural date the DOT authorizes sales of tickets and cargo. Such funds from advance sales, estimated at approximately $3 million for the company, accumulate in an escrow account, and are released upon the issuance of the air carrier certificate.

There can be no assurance that additional financing will be available on terms favorable to us or at all. If adequate funds are not available or are not available on acceptable terms, we may not be able to fund expansion.

BALTIA AIR LINES, INC. NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

10. Related Party

During the year ended December 31, 2012 and 2011, the Company issued 194,000,000 and 245,749,998, respectively, restricted shares of its $0.001 par value common stock to officers and directors. These restricted shares were valued at $5,131,000 and $12,714,000, respectively, or a weighted average price of approximately $0.026 and $0.50 per share, respectively. Its president and CEO was charged additional compensation of $15,000 and $15,000, which represents one hundred percent of the rent the Company paid for its original corporate headquarters during the years ended December 31, 2012 and 2011, respectively. Also, during the years ended December 31, 2012 and 2011, this officer received other compensation of $35,957 and $60,106, respectively, for services provided the Company in lieu of salary. A second officer, Vice President – Finance, was paid additional compensation of $198,285 and $347,948 for the years ended December 31, 2012 and 2011, respectively, which represents amounts paid him for negotiating services in connection with the raise of new equity capital. A third officer, Vice President, was paid additional compensation of $30,500 and $51,000 for services provided the Company during the years ended December 31, 2012 and 2011, respectively. A fourth officer, Corporate Secretary, was additional compensation of $15,960 for services provided the Company during the year ended December 31, 2012.

11. Subsequent events

The Company has successfully completed Gate I requirements of FAA Air Carrier Certification process

On March 28, 2013, at the FAA East Michigan Flight Standards District Office Baltia Air Lines senior staff and their FAA counterparts conducted a Formal Meeting to review Baltia's certification documentation and management readiness.
On April 10, 2013, Baltia received confirmation that Baltia's management personnel, system design, and other supporting documentation were found to be satisfactory.

The FAA Certification Team has determined that Baltia meets the requirements of FAA Order 8900.1 Volume 10 Chapter 2 Section 6 and is fit to enter into Phase II of the ATOS Certification Process.

OTHER EXHIBITS
3.1 Certificate of Incorporation of Baltia Air Lines, Inc. Incorporated by reference to Exhibit 3.1 to Baltia Air Lines Inc.'s reported on Form 10-K, 21 Dec 2011 from the year ended December 31, 2010.
3.1.1 Certificate of Incorporation amendment of Baltia Air Lines, Inc. (as amended and filed on June 24, 2011)
3.1.2 Certificate of Incorporation amendment of Baltia Air Lines, Inc. (as amended and filed on May 25, 2012)
3.1.3 Certificate of Incorporation amendment of Baltia Air Lines, Inc. (as amended and filed on December 27, 2012).
3.2 Bylaws of Baltia Air Lines, Inc. (amended and ratified November 7, 2011) Incorporated by reference to Exhibit 3.2.2 to Baltia Air Lines Inc.'s reported on Form 10-K, 21 Dec 2011 from the year ended December 31, 2010.
10. MATERIAL CONTRACTS
10.1. - Fuel supply Agreement between Joint Stock Company “SOVEX” and Baltia Air Lines, Inc. of January 1, 2012 with confidential portion omitted and filed separately with the Commission pursuant to a request for confidential treatment. Incorporated by reference to Exhibit 10.1 to Company’s 10-Q for 1 st quarter 2012 as filed May 15, 2012.
10.2 - Letter evidencing agreement that engines identified in Exhibit 10.3 below may be removed from N705BL and installed on N706BL. Incorporated by reference to Exhibit 10.5 to Company’s 10-K/A for year 2010 as filed December 21, 2011.
10.3 - Product and Services Agreements between Navtech Systems Support Inc. and Baltia Airt Lines, Inc. Dated January 15, 2010 with confidential portion omitted and filed separately with the Commission pursuant to a request for confidential treatment. Incorporated by reference to Exhibit 10.7 to Company’s 10-K/A for year 2010 as filed December 21, 2011.
10.4 - Ground Handling Agreement at Pulkovo Airport between ZAO Cargo Terminal Pulkovo and Baltia Air Lines, Inc. effective June 1, 2011, with amendment validating contract through June 1, 2014, with confidential portion omitted and filed separately with the Commission pursuant to a request for confidential treatment of April 15, 2013. Original agreement incorporated by reference to Exhibit 10.9.2 to Company’s 10-K/A for year 2010 as corrected and filed March 2, 2012.
10.5 - Ground Handling Agreement at Pulkovo Airport between ZAO Cargo Terminal Pulkovo and Baltia Air Lines, Inc. effective June 1, 2012 with confidential portion omitted and filed separately with the Commission pursuant to a request for confidential treatment of April 15, 2013
10.6 - First Amendment to Product and Services Agreements between Navtech Systems Support Inc. and Baltia Air Lines, Inc. dated January 15, 2010. Incorporated by reference to Exhibit 10.10 to Company’s 10-Q/A for 3 rdquarter 2011, corrected and filed March 29, 2012.
10.7 Aircraft Bill of Sale for Boeing 747 aircraft N705BL. Incorporated by reference to Exhibit 10.9 to Company’s 10-Q for 1 st quarter 2012 as filed May 15, 2012.
10.8 JLT Certificate of Insurance BA-12-009 – Hull and Liability Incorporated by reference to Exhibit 10.10 to Company’s 10-Q for 1 st quarter 2012 as filed May 15, 2012.
10.9 JLT Insurance Binder – Hull, Spares and Liability. Incorporated by reference to Exhibit 10.11 to Company’s 10-Q for 1 st quarter 2012 as filed May 15, 2012.
10.10 JLT Insurance Binder – Airline Hull War and Allied Perils. Incorporated by reference to Exhibit 10.12 to Company’s 10-Q for 1 st quarter 2012 as filed May 15, 2012.
10.11 JLT Insurance Binder – Aviation Hull Deductible. Incorporated by reference to Exhibit 10.13 to Company’s 10-Q for 1 st quarter 2012 as filed May 15, 2012.
10.12 John F. Kennedy Airport - Terminal 4, Lease Agreement between JFK International Air Terminal, LLC and Baltia Air Lines, dated November 17, 2008, effective until terminated by either party.

10.13 JFK Airport Building 151 Lease Agreement, between Japan Airlines Management Corp. and Baltia Air Lines, effective on September 1, 2011, valid through November 30, 2015.

10.14 Willow Run Airport facility lease between Wayne County Airport Authority and Baltia Air Lines, effective from November 1, 2012 until April 30, 2013.

10.15 Pulkovo Airport facility Lease Agreement between Northern Capital Gateway, LLC and Baltia Air Lines, effective from April 29, 2010 until terminated by either party. Incorporated by reference to Exhibit 10.2 to Baltia Air Lines' report on Form 10K for the year ended December 31, 2010.

10.16 Board resolution affirming Agreements between Baltia Air Lines and its officers agreeing not to sell the shares issued to them until the Company receives FAA Certification and commence its revenue flights.

31.1 Certification by Chief Executive Officer and Chief Financial Officer pursuant to Sarbanes-Oxley Section 302, provided herewith.

32.1 Certification by Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S. C. Section 1350, provided herewith.NOTE: Pursuant to 17 CFR 240.24b-2, confidential information has been omitted from certain of the appended exhibits and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Request filed with the Commission.

NOTE: Pursuant to 17 CFR 240.24b-2, confidential information has been omitted from certain of the appended exhibits and has been filed separately with the Securities and Exchange Commission pursuant to a Confidential Treatment Request filed with the Commission.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Baltia Air Lines, Inc.

Date: April 16, 2013

/s/ Igor Dmitrowsky By: Igor Dmitrowsky, President, CEO and CFO

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ Igor Dmitrowsky Igor Dmitrowsky (Principal Executive Officer and Principal Accounting Officer)	Chairman, CEO and CFO	April 16, 2013
/s/ Walter Kaplinsky Walter Kaplinsky	Secretary and Director	April 16, 2013
/s/ Andris Rukmanis Andris Rukmanis	V.P. Europe and Director	April 16, 2013
/s/ Vick Luis Bolanos Vick Luis Bolanos	Director	April 16, 2013

Exhibit 31.1
BALTIA AIR LINES INC. CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002
I, Igor Dmitrowsky, certify that:
1. I have reviewed this annual report on Form 10-K of Baltia Air Lines, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal controls over financial reporting (as defined in Exchange Act Rules 13a- 15(f) and 15d-15(f))for the registrant and have:
(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.
Date: April 16, 2013
/s/ Igor Dmitrowsky Chairman, CEO and CFO April 16, 2013 Igor Dmitrowsky (Principal Executive Officer)
/s/ Igor Dmitrowsky Chairman, CEO and CFO April 16, 2013 Igor Dmitrowsky (Principal Accounting Officer)

EXHIBIT 32.1

BALTIA AIR LINES, INC. CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report Baltia Air Lines, Inc. (the "Company") on Form 10-K for the period ended December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the Report),

I, Igor Dmitrowsky, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

A signed original of this written statement required by Section 906 has been provided to Baltia Air Lines, Inc. and will be retained by Baltia Air Lines, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: April 16, 2013

/s/ Igor Dmitrowsky Chairman, CEO and CFO April 16, 2013 Igor Dmitrowsky (Principal Executive Officer)

/s/ Igor Dmitrowsky Chairman, CEO and CFO April 16, 2013 Igor Dmitrowsky (Principal Accounting Officer)