Big Sky Farms Inc.

Consolidated Financial Statements
(Unaudited)

For the First Quarter Ending
September 19, 2009

THIS IS EXHIBIT "M" referred to in
the Affidavit of Canute Tagseth
SWORN before me at Saskatoon, SK
this 2 day of
November, 2009

A COMMISSIONER FOR OATHS in and
for the Province of Saskatchewan
Being a Solicitor – OR –
~~My Commission expires~~

BIG SKY FARMS INC.
CONSOLIDATED STATEMENT OF INCOME
(Unaudited)
For the First Quarter Ended September 19, 2009 (dollars in thousands)

	2009-10 YTD	2008-09 YTD
REVENUE		
Hog sales	$ 24,590	$ 31,655
Profit (loss) on futures contracts	309	(1,735)
Unrealized profit (loss) on futures contracts	(261)	(163)
Other income (loss)	44	(9)
	24,682	29,748
PRODUCTION & OPERATING COSTS		
Administration	$ 484	$ 544
Depreciation and amortization	2,320	2,466
Facilities operations	3,965	3,392
Feed	15,466	19,361
Interest and equivalent	1,980	1,703
Stock and veterinary	1,360	(1,008)
Trucking	1,806	2,355
Wages and benefits	3,025	3,705
	30,406	32,518
EARNINGS FROM OPERATIONS	(5,724)	(2,770)
INCOME TAXES		
Future	(1,715)	(810)
NET INCOME BEFORE DISCONTINUED OPERATIONS	(4,009)	(1,960)
Discontinued Operations (Note 13)	124	261
NET INCOME	(4,133)	(2,221)
RETAINED EARNINGS, BEGINNING OF PERIOD	(11,329)	3,275
RETAINED EARNINGS, END OF PERIOD	$ (15,462)	$ 1,054
EARNINGS PER SHARE (Note 12)		
BASIC	$ (0.39)	$ (0.21)
DILUTED	$ (0.39)	$ (0.21)

BIG SKY FARMS INC.
CONSOLIDATED BALANCE SHEET
(Unaudited)
As at September 19, 2009 (dollars in thousands)

	19-Sep 2009	Jun 27 2009
CURRENT ASSETS		
Accounts receivable	$ 3,189	$ 3,944
Inventory	32,981	30,095
Prepaid expenses and refundable deposits	164	361
Assets held for disposal (Note 4)	602	652
	36,936	35,052
PROPERTY, BUILDINGS & EQUIPMENT (Note 4)	94,264	95,979
BREEDING STOCK (Note 5)	10,053	10,184
LONG-TERM INVESTMENTS	14	15
PROJECT DEVELOPMENT COSTS	42	42
	$ 141,309	$ 141,272
CURRENT LIABILITIES		
Bank overdraft (Note 6)	$ 5,685	$ 4,868
Line of credit (Note 6)	23,350	22,000
Accounts payable and accrued liabilities	20,448	16,674
Future income taxes	550	2,265
Current portion of long-term debt (Note 7)	48,661	48,043
	98,694	93,850
LONG TERM DEBT (Note 7)	11,725	12,300
ACCRUED DEBENTURE SETTLEMENT	376	341
ACCRUED ASSET RETIREMENT OBLIGATIONS (Note 8)	298	295
FUTURE INCOME TAXES	503	559
	111,596	107,345
SHAREHOLDER EQUITY		
Share capital (Note 9)	39,437	39,518
Equity component of compound financial instrument	767	767
Contributed surplus	4,971	4,971
Retained earnings	(15,462)	(11,329)
	29,713	33,927
	$ 141,309	$ 141,272

BIG SKY FARMS INC
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)
For the First Quarter Ended September 19, 2009 (dollars in thousands)

	2009-10 YTD	2008-09 YTD
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Net earnings (loss) from continuing operations	$ (4,009)	$ (2,221)
Net (loss) from discontinued operations	$ (124)	
Adjustments for		
Depreciation and amortization	2,330	2,496
Debt accretion	213	200
Unrealizd loss (gain) on futures contracts	261	163
Loss (Gain) on disposal of assets	51	20
Future income taxes	(1,771)	(928)
	(3,049)	(270)
Changes in non-cash working capital		
Prepaid expenses	197	(28)
Accounts receivable	755	(1,037)
Accounts payable & accrued liabilities	3,513	4,120
Inventory	(2,886)	(3,058)
	(1,470)	(273)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Additions to property, building & equipment	(29)	29
Proceeds on disposal of assets	45	118
(Addition) reduction to breeding stock	(497)	(2,362)
(Additions) reduction of restricted cash and long term investments	1	-
(Addition) of deferred charges	-	(2)
	(480)	(2,217)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Issuance of share capital - common	(81)	-
Advances under revolving term loan	1,350	-
Repayment of long-term debt	(136)	(311)
	1,133	(311)
NET INCREASE IN (BANK INDEBTEDNESS)	(817)	(2,801)
CASH POSITION, BEGINNING OF PERIOD	(4,868)	(2,277)
CASH POSITION, END OF PERIOD	$ (5,685)	$ (5,078)
REPRESENTED BY:		
Cash (Bank indebtedness)	(5,685)	(5,078)

BIG SKY FARMS INC.
CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
For the First Quarter Ended September 19, 2009 (dollars in thousands)

1. FISCAL YEAR

Effective July 1, 2007, the Company elected to change its fiscal year end. Rather than following calendar months, the fiscal year will have 13 4-week periods resulting in a 52 week fiscal year. The Company's 2009-10 fiscal year will end on June 26, 2010.

2. INTERIM FINANCIAL STATEMENTS

The disclosures in these unaudited interim consolidated financial statements do include all of the disclosures included in the Company's annual audited financial statements. These interim financial statements should be read in conjunction with the June 27, 2009 annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim financial statements conform to those described in the Company's June 27, 2009 annual financial statements.

4. PROPERTY, BUILDING & EQUIPMENT

	Cost	Accumulated Depreciation	Net Book Value Sep 19 2009	Net Book Value Jun 27 2009
Land	$ 1,178	$ -	$ **1,178**	$ 1,205
Lagoons and wells	12,276	2,981	**9,295**	9,363
Buildings	76,119	20,404	**55,715**	56,317
Equipment	47,545	27,151	**20,394**	21,249
Assets under capital lease	11,525	4,258	**7,267**	7,430
Assets held for sale	1,017	0	**1,017**	1,067
	149,660	54,794	**94,866**	96,631
less current portion of assets held for sale	602	0	**602**	652
	$ 149,058	$ 54,794	$ **94,264**	$ 95,979

5. BREEDING STOCK

	Cost	Accumulated Depreciation	Net Book Value Sep 19 2009	Net Book Value Jun 27 2009
Sows	$ 14,378	4,325	$ **10,053**	$ 10,184

For the First Quarter Ended September 19, 2009 (dollars in thousands)

6. SHORT TERM CREDIT FACILITIES

	Sep 19 2009	Jun 27 2009
Operating line of credit loan	$ **5,685**	$ 4,868
Operating loan	**23,350**	22,000
	$ **29,035**	$ 26,868

Credit facilities are secured by all assets of the Company and an assignment of insurance. The company had no unused short-term credit facilities at September 19, 2009.

7. LONG TERM DEBT

	Sep 19 2009	Jun 27 2009
Senior credit facility, Scotiacapital, agent	$ **38,453**	$ 38,513
Demand loan to Ministry of Agriculture	**4,619**	4,619
Capital leases	**9,130**	9,130
Subordinated debentures	**3,000**	3,000
Shareholder loans, promissory note	**5,184**	5,081
	60,386	60,343
Less amounts due within one year	**48,661**	48,043
	$ **11,725**	$ 12,300

Certain financial ratio covenants specified in the credit facilities were breached at June 28,2008. As a result, the bank term loans and subordinated debentures were reclassified as current liabilities.

During the period, the Company operated under a forbearance agreement under which principal payments are suspended. Each suspended payment resulted in issuance of share purchase options equivalent to 5% of the outstanding shares of the Company. At September 19, 2009, options representing 15% were issued to the senior lenders.

8. ASSET RETIREMENT OBLIGATION

	Sep 19 2009	Jun 27 2009
Asset retirement obligation, beginning of period	$ **295**	$ 282
Accretion expense	**3**	13
Asset retirement obligation, end of period	$ **298**	$ 295

For the First Quarter Ended September 19, 2009 (dollars in thousands)

9. SHARE CAPITAL

	Sep 19 2009		Jun 27 2009	
Common Shares	**No. of Shares**	**Stated Capital**	No. of Shares	Stated Capital
Outstanding, beginning	**10,693**	**$ 39,518**	10,693	$ 39,467
Shares issued	**-**	**-**	-	-
Shares redeemed	**(13)**	**(81)**	-	-
Employee share purchase loans paid (issued)	**-**	**-**	-	51
	10,680	**$ 39,437**	10,693	$ 39,518

Certain shareholders hold 646,245 warrants excercisable at $0.01 each. The Company must issue additional warrants if shareholders' loans are not paid in full at the maturity date. In addition, 1,699,766 warrants were issued to senior lenders as described in Note 7.

10. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Commodity Prices

The Company held no forward instruments of lean pork or feed components at September 19, 2009.

Exchange Rates

At September 19, 2009, the Company held no forward contracts selling U.S. dollars.

11. RELATED PARTY TRANSACTIONS

During the period, the following transactions were conducted in the normal course of operations with related parties and are measured at the exchange rate.

	Sep 19 2009	Sep 20 2008
Utilities to Sask. Crown Corporations, common control	**$ 722**	$ 621
Interest to shareholders	**401**	230
Interest to Ministry of Agriculture	**3**	30
Veterinary services to shareholders	**8**	6

The Company pays provincial sales tax to the Ministry of Finance on all its taxable purchases which are included as part of the cost of these purchases and pays premiums to the Saskatchewan Workers Compensation Board.

Outstanding related party balances at year end include $652 thousand payable to Saskatchewan Crown Corporations (June 28, 2008 - $1,594 thousand) and $1.996 million payable to shareholders (June 28, 2008 - $301 thousand).

For the First Quarter Ended September 19, 2009 (dollars in thousands)

12. EARNINGS PER SHARE

	Sep 19 2009	Sep 20 2008
Numerator for basic earnings per share:		
Net income	$ (4,133)	$ (2,221)
Denominator for basic earnings per share:		
Weighted average number of shares	10,680	10,693
Basic earnings per share	$ (0.39)	$ (0.21)
Numerator for diluted earnings per share:		
Net income	$ (4,133)	$ (2,221)
Stock compensation expense	-	-
	($4,133)	($2,221)
Denominator for fully diluted earnings per share:		
Weighted average number of shares	10,680	10,693
Stock options	-	5
	10,680	10,698
Diluted earnings per share	$ (0.39)	$ (0.21)

13. DISCONTINUED OPERATIONS

As a result of a difficult and prolonged market downturn, the Company decided to close six of its production facilities that are unlikely to be profitable in the long term. At September 19, 2009, five facilities were closed while the remaining facility is to be closed within a month. Operating results of these facilities were reclassified as discontinued operations.

14. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.