The unaudited consolidated accounts for the six months ended 30th September 2005 are as follows:

CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE

		Six Months ended 30 Sept	Previous Full Year Ended 31
March 2004		2005	
	$000	$000	$000
Sales Revenue	18,960	18,793	35,304
Net Profit Before Tax	480	1,107	2,165
Taxation Provided	158	365	720
Net Profit After Tax	322	742	1,445
Earnings Per Share (cents, after tax)	3.0	1.3	5.9

CONSOLIDATED STATEMENT OF CASHFLOWS

	Six Months ended 30 Sept		Previous Full Year Ended 31 March
	2005	2004	2005
	$000	$000	$000
Net cashflows from operations	(1,007)	(612)	(901)
Net cashflows from investing activities	(2,859)	(171)	(450)
Net cashflows from financing activities	3,354	(137)	(229)
Net increase (decrease) in cash held	(512)	(920)	(1,580)
Opening cash carried forward	(1,340)	240	240
Ending cash carried forward	(1,852)	(680)	(1,340)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Six Months ended 30 Sept		Previous Full Year Ended 31 March
	2005	2004	2005
	$000	$000	$000
Equity	12,532	12,484	12,821
Current Liabilities & Provisions	7,199	3,469	5,292
Provision for Deferred Tax	671	564	626
Term Liabilities	15,635	11,395	11,670
	36,037	27,912	30,409
Fixed Assets	21,460	19,374	19,095
Investments	6	6	6
Current Assets	14,571	8,532	11,308
	36,037	27,912	30,409
Net tangible asset backing (cents per share)	34.77	51.15	42.16

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2005 INTERIM REPORT

FOR 6 MONTHS ENDED 30TH SEPTEMBER 2005

MR CHIPS HOLDINGS LTD

COMPANY RESULTS

The unaudited consolidated tax paid profit for the first six months ended September 2005 was $321,789, which is a 57% reduction over last year.

This disappointing result was below expectations. Fundamentally the company has experienced a roller coaster ride over the last eighteen months, commencing with last year's potato shortage and culminating this year with an excess, leading to an oversupplied Australasian market. The impact has been exacerbated as it has coincided with our plans to increase exports to Australia. The costs of short supplying customers and storing and financing excess inventory are both unpalatable. Specifically this result has been caused by significantly higher cold-storage charges and to a lesser extent by additional interest costs associated with high inventory levels. Further the AUD/NZD cross rate has remained stubbornly high for most of the period with a consequent reduction in margins already under competitive pressure.

Sales for the period are flat at $18,618,023 following many years of double digit growth. This however disguises a sharp reduction on last year, at the beginning of the period, as sales struggled to recover from the out of stock situation in a very competitive marketplace. The sales momentum has increased in recent months, which is encouraging and will bring stocks to an appropriate level by year end. Removing excess inventory costs would give a result commensurate with last year.

Construction of the coldstore, after considerable and unnecessary delays in our dealings with Transpower representatives, has progressed well and the project will be completed by the end of February 2006. This will provide self sufficiency of our NZ seasonal storage at a substantially reduced cost to that incurred in recent years. The East Tamaki production lines continue to run to expectations and the completion of the coldstore will result in a well integrated and self sufficient site.

After preliminary due diligence we will not proceed with the proposed purchase of another food business.

Your Board is concerned with the commercial risks posed by increasingly onerous disclosure obligations and the size of the company given its listed status. Accordingly we remain open to opportunities to improve this situation.

BALANCE SHEET

Our balance sheet ratios have deteriorated over last year due to both inventory levels and the coldstore construction which has been 100% financed by the BNZ. We have agreed with the bank to review our equity position after completion of the coldstore and an independent revaluation of the whole East Tamaki complex. In view of this and the reduced profit no interim dividend will be paid.

The equity ratio is 34.8% compared to 44.7% at the last half year. Our interest rate exposures on core debt are around 50% hedged.

ADOPTING NZ EQUIVALENTS TO IFRS ('NZ IFRS')

In December 2002 the New Zealand Accounting Standards Review Board announced that reporting entities would be required to comply with New Zealand equivalents of International Financial Reporting Standards (NZ IFRS) for financial statements covering annual reporting periods starting on or after 1 January 2007, with earlier adoption for periods starting on or after 1 January 2005 permitted. In the case of Mr Chips Holdings and subsidiaries, the first financial year for which fully compliant financial statements must be produced will be for the year commencing on 1 April 2007 and ending 31 March 2008 at which time the comparative figures for the previous year will also be restated onto the same status of compliance with NZ IFRS.

Although early implementation is an option, the Board of Directors have determined that the Group will adopt NZ IFRS for the first time in its reports to shareholders for the year ending 31 March 2008.

As at 30 September 2005 the group has not yet performed an initial analysis of the differences between NZ IFRS and current New Zealand Financial Reporting Standards and has not yet determined if there will be a significant impact on the financial statements presented by the group. A project will be initiated within the coming months to identify the full implications of NZ IFRS on the Group and to prepare for the implementation of systems to capture the necessary information to comply with the new standards.

OUTLOOK

Inventory levels and forward contracts for potatoes in 2006 are now in balance given current sales trends together with commitments to volume from major customers. The completed coldstore will provide much greater logistical and financial flexibility should inventory levels be higher than forecast. Forex and interest rate negatives remain a concern. In common with many manufacturers with a significant export market we struggle with the Reserve Bank's aggressive attitude to interest rates and see the productive sector of the economy being severely weakened, in a probably vain attempt, to dampen property price inflation.

After the difficulties experienced in the last eighteen months we are cautious in forecasting the full year. Nevertheless we see this six month period as the bottom of the trough with a significantly improved result expected for 2006/07.

On behalf of the Board

GA Edwards

Graeme Edwards
Chairman

25 November 2005

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