

Trouble in the kitchen

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Country Foods is in a mess. Its phone lines have been cut and officially it does not have a CEO, a chairman or a financial director. Neither does it have an auditor, a designated adviser or a company secretary. It's unclear whether it has operational assets.

The JSE says it is investigating the group. But the exchange can't say when the probe will be completed, according to GM Andre Visser.

The crisis in the group peaked when it was suspended from the JSE at its own request and fired its CEO and founder Robi Casaletti in September 2008 — a year after it listed on the junior board, AltX. That December the group said it was liquidating its Edulis Mushroom operation.

What has led to this instability is unclear, except that it happened on Casaletti's watch. Under him, Country Foods' operating profit dropped from R16,1m to R9,5m in its unaudited interim results to end-March 2008 — the last time it released figures. It had an annual turnover of R171m and a market cap of R30m at listing. It exported 33% of its mushroom products.

Financial director Ray Liversage left in April 2008 and advisers Vunani Corporate Finance left a few months later. Liversage has all but given up on the group, in which he is still a shareholder, and on reacquiring Fruitime, a fruit juice firm he sold for R20m in Country Foods shares before listing. The group listed at R1; it was at 12c when it was suspended. Fruitime itself is operating as normal, says its marketing manager, Francois Ludick.

Acting CEO James Anderson briefly took leadership of Country Foods. He announced on the Securities Exchange News Service in February that the previous management had entered into "irregular material contracts", and asked the group's legal advisers to investigate. At a stormy general meeting that month, Casaletti led a failed bid to take control of the company.

Anderson had had enough and resigned. Soon after, Vusi Zwane resigned as chairman. This left Country Foods' board without a quorum and led to the hasty appointment of one of Casaletti's relatives and two other nonexecutives to the board in April.

Casaletti says he has not taken over and the appointment of the nonexecutives was only meant to provide some stability until matters sorted themselves out.

Understandably, he is downbeat.

“It's not a disappointment, it's a disaster,” he says.

Source: Financial Mail

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