

I had a dream, or was it a nightmare?

Sam Geneen

The Icelandic banks had collapsed owing depositors, charities and local authorities billions of pounds.

RBS, Lloyds and HBOS were partly taken over by UK plc. Rescue packages were put together for Fortis, Hypo Real Estate, Bradford & Bingley and Alliance & Leicester.

Meanwhile, the UK government was risking £500 billion (of taxpayers' money) to support its banking system in addition to £119 billion for Northern Rock.

Fortunately, I woke up before discovering what was happening in the Americas and Asia Pacific – it couldn't be any worse.

Back to reality, there is recent evidence of falling new business levels, although the Finance & Leasing Association reports a stable position to July 2008. Margins are increasing and competition is evaporating.

A significant downturn is expected in what is now referred to as the 'real' economy.

As some of our businesses are counter-cyclical, I am expecting an increase in activities at LPM outsourcing, the portfolio management business.

Also, Specialist Fleet Services, which provides contract hire for refuse vehicles to local authorities, continues to expand.

Asset values are, in general, reducing, which will make it challenging for State Securities as the economy deteriorates.

But profits for the first six months are in line with the previous year. So it must have been a nightmare.

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