

Appendix 2

Demand, selling price and variable cost for the new product

Demand*	Unit selling price \$'000	Unit variable cost \$'000	Unit contribution \$'000	Total contribution \$'000
1,200	75	37	38	45,600
1,200	75	40	35	42,000
1,200	75	50	25	30,000
950	95	37	58	55,100
950	95	40	55	52,250
950	95	50	45	42,750
500	140	37	103	51,500
500	140	40	100	50,000
500	140	50	90	45,000

* Total demand for the whole of the product's anticipated two-year life.