

Ranaz Corporation
Interim Consolidated Financial
Statements
for the Quarters ended
June 30, 2008 and 2007

Financial Statements	
Consolidated Earnings and Comprehensive Loss	2
Consolidated Deficit	3
Consolidated Cash Flows	4
Consolidated Balance Sheets	5
Notes to the Consolidated Financial Statements	6 - 16

Ranaz Corporation
Consolidated Earnings and Comprehensive Loss
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Sales	6 723 024	3 413 792	11 078 440	6 290 715
Cost of sales	4 708 251	2 192 684	7 876 828	4 205 460
Gross profit	<u>2 014 773</u>	<u>1 221 108</u>	<u>3 201 612</u>	<u>2 085 255</u>
Research expenses	83 411	61 241	215 187	119 571
Selling and administrative expenses	2 077 487	2 130 573	4 159 815	3 655 241
Stock-based compensation expense	102 390	82 892	203 473	151 007
Interest expense	29 004	10 708	46 443	20 849
Amortization of property, plant and equipment, intangibles assets and deferred costs	99 733	60 237	190 824	107 743
Gain on sale of property, plant and equipment		(20 000)		(40 000)
Exchange loss (gain)	31 667	45 376	(18 465)	48 614
	<u>2 423 692</u>	<u>2 371 027</u>	<u>4 797 277</u>	<u>4 063 025</u>
Net loss and comprehensive loss	<u>(408 919)</u>	<u>(1 149 919)</u>	<u>(1 595 665)</u>	<u>(1 977 770)</u>
Basic and diluted loss per common share	<u>(0.011)</u>	<u>(0.037)</u>	<u>(0.043)</u>	<u>(0.071)</u>
Basic and diluted weighted average number of common shares outstanding	<u>37 544 472</u>	<u>31 043 906</u>	<u>37 032 120</u>	<u>28 033 022</u>

The accompanying notes are an integral part of the unaudited interim consolidated financial statements; Note 5 provides additional information included in the unaudited interim consolidated earnings.

Ranaz Corporation
Consolidated Deficit
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Deficit, beginning of period	(6 893 005)	(2 250 199)	(5 706 259)	(1 422 348)
Net loss	<u>(408 919)</u>	<u>(1 149 919)</u>	<u>(1 595 665)</u>	<u>(1 977 770)</u>
Deficit, end of period	<u><u>(7 301 924)</u></u>	<u><u>(3 400 118)</u></u>	<u><u>(7 301 924)</u></u>	<u><u>(3 400 118)</u></u>

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Ranaz Corporation
Consolidated Cash Flows
(unaudited)

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
OPERATING ACTIVITIES				
Net loss	(408 919)	(1 149 919)	(1 595 665)	(1 977 770)
Non-cash items				
Stock-based compensation expense	102 390	82 892	203 473	151 007
Amortization of property, plant and equipment, intangibles assets and deferred costs	99 733	60 237	190 824	107 743
Amortization of development costs		24 501	16 330	32 668
Gain on sale of property, plant and equipment		(20 000)		(40 000)
Changes in working capital items (Note 6)	(703 140)	(412 656)	(1 166 974)	(1 862 499)
Cash flow from in operating expenses	<u>(909 936)</u>	<u>(1 414 945)</u>	<u>(2 352 012)</u>	<u>(3 588 851)</u>
INVESTING ACTIVITIES				
Advances to private companies	979	31 307	389 610	99 318
Business acquisition		(158 615)	(16 092)	
Acquisition of property, plant and equipment	(74 141)	20 000	(227 801)	(426 538)
Sale of property, plant and equipment				40 000
Acquisition of intangible assets	(27 548)		(27 548)	
Cash flow from investing activities	<u>(100 710)</u>	<u>(107 308)</u>	<u>118 169</u>	<u>(287 220)</u>
FINANCING ACTIVITIES				
Bank loan	1 214 350		1 214 350	(690 000)
Long-term debt	683 456	93 947	683 456	93 947
Repayment of long-term debt	(46 608)	(35 993)	(552 464)	(59 800)
Issuance of equity instruments	20 210	185 878	561 611	983 492
Cash flow from financing activities	<u>1 871 408</u>	<u>243 832</u>	<u>1 906 953</u>	<u>327 639</u>
Net increase (decrease) in cash	860 762	(1 278 421)	(326 890)	(3 548 432)
Cash (bank overdraft), beginning of period	<u>(604 633)</u>	<u>1 265 127</u>	<u>583 019</u>	<u>3 535 138</u>
Cash (bank overdraft), end of period	<u>256 129</u>	<u>(13 294)</u>	<u>256 129</u>	<u>(13 294)</u>

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

Ranaz Corporation

Consolidated Balance Sheets

	Unaudited 2008-06-30	Audited 2007-12-31
	\$	\$
ASSETS		
Current assets		
Cash	256 129	583 019
Accounts receivable	2 959 395	2 097 154
Inventories	4 384 946	2 960 543
Prepaid expenses	280 328	46 038
	<u>7 880 798</u>	<u>5 686 754</u>
Note receivable and advances		397 390
Long-term advances	3 891	27 034
Property, plant and equipment	2 437 415	1 423 745
Goodwill	562 687	61 919
Intangible assets (Note 7)	420 829	222 726
Development costs		16 330
Deferred costs		82 438
	<u>11 305 620</u>	<u>7 918 336</u>
LIABILITIES		
Current liabilities		
Bank overdraft	1 214 350	
Accounts payable and accrued liabilities	3 361 191	1 748 046
Instalments on long-term debt	314 590	116 759
	<u>4 890 131</u>	<u>1 864 805</u>
Long-term debt	700 879	273 487
	<u>5 591 010</u>	<u>2 138 292</u>
SHAREHOLDERS' EQUITY		
Capital stock (Note 9)	10 904 066	9 556 926
Warrants (Note 10)	1 585 542	1 605 924
Contributed surplus (Note 8)	526 926	323 453
Deficit	<u>(7 301 924)</u>	<u>(5 706 259)</u>
	<u>5 714 610</u>	<u>5 780 044</u>
	<u>11 305 620</u>	<u>7 918 336</u>

The accompanying notes are an integral part of the unaudited interim consolidated financial statements.

On behalf of the Board of Directors,

Director

Director

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

1 - GOVERNING STATUTES AND NATURE OF OPERATIONS

The Company was incorporated under the Canada Business Corporations Act and is involved primarily in the manufacturing and distribution of specialized, diet and energy products.

2 - BASIS OF PRESENTATION

The unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and the accounting policies used in the preparation of the audited annual consolidated financial statements. These interim financial statements do not include all the disclosures required by GAAP and applicable to the annual financial statements and should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2007. These financial statements have not been reviewed by the Company's auditors.

3 - CHANGES IN ACCOUNTING POLICY

The Company has adopted the following new sections of the Canadian Institute of Chartered Accountants ("CICA") handbook. Adoption of these new standards has not had a material effect on the Company's earnings, financial position or cash flows.

Financial instruments - disclosure

Section 3862, *Financial Instruments - Disclosure*, applicable for interim periods in years starting on or after October 1, 2007, describes disclosure required by entities regarding the importance of financial instruments relative to the entity's financial position and performance, as well as the nature and level of risk arising from the financial instruments to which the entity is exposed, and how the entity manages such risk. This section supplements the accounting, evaluation and presentation standards for financial instruments set out in Section 3855, *Financial Instruments - Recognition and Measurement*.

Financial instruments - presentation

Section 3863, *Financial Instruments - Presentation*, applicable to interim periods for years beginning on or after October 1, 2007, establishes presentation standards for financial instruments and non-financial derivatives. It supplements the presentation standards in Section 3862, *Financial Instruments - Disclosure*.

Capital disclosure

Section 1535, *Capital Disclosure*, applicable to interim periods for years beginning on or after October 1, 2007, establishes disclosure standards for the entity's capital and how it is managed, to enable users of the financial statements to assess the Company's capital management procedures, objectives and policies.

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

3 - CHANGES IN ACCOUNTING POLICY (Continued)

Inventories

Section 3031, *Inventories*, applicable to interim periods for years beginning on or after January 1, 2008, establishes standards for the determination of cost and its later expensing, including any depreciation to net realizable value. It also provides commentary on the cost determination method used to charge costs against inventories.

General standards of financial statement presentation

In June 2007, the CICA amended Section 1400, *General Standards of Financial Statement Presentation* to require that management assess the Company's ability to continue as a going concern for a period of at least, but not limited to, 12 months from year-end. These new requirements are applicable to financial years beginning on or after January 1, 2008. The new standards only cover disclosure, and do not affect the Company's financial results.

4 - BUSINESS ACQUISITION

Pursuant to a business acquisition, the Company recognized the operating results of the business as of the effective date of the acquisition.

The Company completed the following acquisition:

- BarTech Manufacturing Inc. ("BarTech") - On January 11, 2008, the Company acquired all the outstanding shares of BarTech, a manufacturer of nutritional bars based in Grand Rapids, Michigan.

The acquisition of the company was accounted for using the acquisition method. The breakdown of the purchase price shown below is preliminary and is based on Company management's best estimates. Consideration consisted of the issuance of 738,673 common shares and 369,337 warrants. Each warrant entitles its holder to purchase one common share for \$1.30 for a 24-month period following its issuance. The final breakdown of the purchase price should be completed once Company management has finished evaluating the assets.

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

4 - BUSINESS ACQUISITION (Continued)

	\$
Assets acquired	
Non-cash working capital items	(290 100)
Property, plant and equipment	924 749
Customer relations	222 499
Goodwill, not deductible for income tax purposes	500 768
Assumption of long-term debt	(494 231)
	<u>863 685</u>
Cash acquired	<u>66 772</u>
Net assets acquired	<u><u>930 457</u></u>
Consideration	
Issuance of equity instruments	765 155
Acquisition costs	165 302
	<u><u>930 457</u></u>

5 - INFORMATION INCLUDED IN CONSOLIDATED EARNINGS

	<u>Three months ended June 30,</u>		<u>Six months ended June 30,</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	\$	\$	\$	\$
Interest on bank loan	17 076	5 982	26 761	10 591
Interest on long-term debt	11 928	4 726	19 682	10 258
Depreciation of property, plant and equipmer	73 761	42 382	138 880	72 033
Amortization of trademark	472	472	944	944
Amortization of client listings	25 500	17 383	51 000	34 766
Research expenses	140 911	93 241	295 187	183 571
Investment tax credits recognized in earnings:	57 500	32 000	80 000	64 000
Sales to a company controlled by a director's close relative (a)	75 817	102 874	176 711	200 366

(a) These transactions were entered into in the normal course of business and measured at the exchange amount, which is the amount established and accepted by the parties.

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

6 - INFORMATION INCLUDED IN CONSOLIDATED CASH FLOWS

Changes in working capital items were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Accounts receivable	(598 965)	35 463	(697 174)	(917 751)
Inventories	(415 553)	(251 170)	(1 036 532)	(1 621 885)
Prepaid expenses	(151 703)	(333 575)	(233 487)	(410 930)
Accounts payable and accrued liabilities	463 081	136 626	800 219	1 088 067
	<u>(703 140)</u>	<u>(412 656)</u>	<u>(1 166 974)</u>	<u>(1 862 499)</u>

The breakdown of cash flows from interest and income taxes on operating earnings are detailed as follows:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Interest paid	29 004	10 708	46 443	20 849

7 - INTANGIBLE ASSETS

	Unaudited 2008-06-30	Audited 2007-12-31
	\$	\$
Trademark, for \$146,424 net of cumulative amortization of \$11,479 (\$10,535 in 2007)	34 945	8 341
Client listing, for \$222,499 net of cumulative amortization of \$16,234 (nil in 2007)	206 265	
Client listing, for \$347,650 net of cumulative amortization of \$168,031 (\$133,265 in 2007)	179 619	214 385
	<u>420 829</u>	<u>222 726</u>

8 - STOCK-BASED COMPENSATION

A - STOCK OPTIONS

Effective December 29, 2006, the Board of Directors adopted a new stock option plan. Under this plan, the Company may grant eligible directors, officers, employees and consultants of the Company and its subsidiaries up to 2,952,381 stock options. The options granted expire five years after the grant date. Options granted to directors vest in thirds (33.3%) starting on the first anniversary following the grant and the other options vest in quarters (25%) starting on the first anniversary. Options are granted at an exercise price that cannot be less than the closing price of the common shares on the day preceding the grant date, to which a discount may however be applied in accordance with TSX Venture Exchange rules.

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

8 - STOCK-BASED COMPENSATION (Continued)

The plan includes the following restrictions relating to the number of options:

- The number of common shares reserved for issuance to directors, officers and employees under the plan may not exceed 5% of the outstanding common shares in any given 12-month period;
- The maximum number of options that can be granted to consultants must not exceed 2% of the outstanding common shares in any given 12-month period;
- The maximum number of options that can be granted to people in a business relationship with investors may not exceed 2% of outstanding common shares during a 12-month period and must gradually vest over this 12-month period, on the basis of no more than a quarter of the prescribed shares in a given quarter.

Changes in the number of options outstanding are as follows:

	Three months ended June 30, 2008		Six months ended June 30, 2008	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning of period	2 409 884	\$0.84	2 214 884	\$0.75
Options granted	–	–	195 000	\$1.31
Balance, end of period	<u>2 409 884</u>	<u>\$0.84</u>	<u>2 409 884</u>	<u>\$0.84</u>
Options exercisable, end of period	<u>655 798</u>	<u>\$0.70</u>	<u>655 798</u>	<u>\$0.70</u>

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

8 - STOCK-BASED COMPENSATION (Continued)

Stock options granted as at June 30, 2008, were as follows:

Exercise price	Number	Options outstanding		Options exercisable	
		Weighted average remaining term	Weighted average exercise price	Number	Weighted average exercise price
\$0.35	574 884	3.50 years	\$0.35	177 464	\$0.35
\$0.60	45 000	3.50 years	\$0.60	15 000	\$0.60
\$0.70	685 000	3.50 years	\$0.70	221 667	\$0.70
\$0.95	650 000	3.58 years	\$0.95	216 667	\$0.95
\$1.15	160 000	3.69 years	\$1.15		
\$1.16	100 000	4.58 years	\$1.16	25 000	\$1.16
\$1.30	175 000	4.50 years	\$1.30		
\$1.35	20 000	4.50 years	\$1.35		
Outstanding at the end of the period	<u>2 409 884</u>	<u>3.66 years</u>	<u>\$0.84</u>	<u>655 798</u>	<u>\$0.70</u>

Weighted average fair value of options granted during the period

\$1.03

The fair value of options granted was estimated based on the Black-Scholes option pricing model taking into account the following assumptions:

	<u>2008</u>
Annual risk-free interest rate	3.50%
Volatility	91.00%
Dividend	—
Estimated term	5 years

B - CONTRIBUTED SURPLUS

The table below shows changes in contributed surplus for the periods shown:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Balance, beginning of period	424 536	68 115	323 453	
Stock-based compensation expense	102 390	82 892	203 473	151 007
Balance, end of period	<u>526 926</u>	<u>151 007</u>	<u>526 926</u>	<u>151 007</u>

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

9 - CAPITAL STOCK

Authorized

Unlimited number of shares without par value
Common shares, voting and participating

Class "A" preferred shares, non-voting, convertible into common shares to the extent that at least 20% of outstanding common shares, once converted, must be held by "public shareholders" as defined in the policies of the TSX Venture Exchange and, at the time of an offer to purchase, redeem or exchange relating to more than 50% of the outstanding common shares

	Unaudited 2008-06-30	Audited 2007-12-31
Issued and fully paid	\$	\$
37,565,312 common shares (35,295,387 in 2007)	<u>10 904 066</u>	<u>9 556 926</u>

Share issuances

2008

Pursuant to the acquisition of BarTech on January 11, 2008, the Company issued 738,673 common shares and 369,337 warrants. Each warrant entitles its holder to purchase one common share for \$1.30 for a 24-month period.

On February 28, 2008, FIER Ville-Marie exercised its 1,428,571 warrants for a cash consideration of \$500,000.

An additional 102,682 warrants were also exercised in the first six months of 2008 for cash consideration of \$61,607.

2007

On January 25, 2007, the Company closed a private placement of 850,000 units at \$0.60 per unit for total cash proceeds of \$510,000. Each unit consisted on one common share of the Company and half a common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share for \$0.70 on or before January 26, 2009. Issue costs of \$40,376 were charged against capital stock.

On February 20, 2007, the holders of 9,523,811 Class "A" preferred shares converted all of these shares into common shares, as at least 20% of the common shares outstanding after conversion must be held by "public shareholders" as defined in the policies of the TSX Venture Exchange.

In the first quarter of 2007, the broker exercised its 333,333 warrants, resulting in the issuance of 333,333 units for proceeds of \$200,000. Each unit consisted of one common share of the Company and half a common share purchase warrant. Each whole common share purchase warrant entitles its holder to purchase one common share for \$0.60 on or before December 29, 2008.

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

9 - CAPITAL STOCK (Continued)

Also in the first half of 2007, 523,1216 warrants were exercised for cash proceeds of \$313,868.

Loss per share

Because of the net loss for the periods presented, potentially dilutive factors such as the warrants and stock options have not been included in the calculation of the diluted loss per common share, since inclusion of such securities would be anti-dilutive.

10 - WARRANTS

	Unaudited 2008-06-30	Audited 2007-12-31
	\$	\$
5,410,757 warrants (6,572,673 in 2007)	1 516 062	1 536 444
117,764 broker warrants (117,764 in 2007)	69 480	69 480
	<u>1 585 542</u>	<u>1 605 924</u>

As at June 30, 2008, the number of outstanding warrants exercisable for common shares was as follows:

<u>Expiry</u>	<u>Exercise price</u>	<u>Number issued</u>	Number exercisable as at June 30, 2008
December 29, 2008	\$0.60	3 333 333	2 680 638
January 26, 2009	\$0.70	425 000	425 000
September 27, 2009	\$1.65	1 472 050	1 472 050
October 1, 2009	\$1.65	463 732	463 732
January 11, 2010	\$1.30	369 337	369 337
			<u>5 410 757</u>

The fair value of the warrants granted in 2008 was determined using the Black-Scholes warrant pricing method based on the following weighted average assumptions:

Risk-free interest rate	3.23%
Volatility	91.00%
Dividend	-
Estimated term	2 years

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

11 - CAPITAL MANAGEMENT

The Company's capital management objective is to protect its assets and its capacity to continue as a going concern while maximizing the growth of its operations. The Company's capital consists of long-term debt, cash and cash equivalents and shareholders' equity, which comprises the deficit and capital stock.

The credit facility includes restrictive provisions, namely a working capital ratio, shareholders' equity ratio, debt-to-equity ratio and fixed-charge coverage ratio. These ratios are monitored on a monthly basis. The fixed-charge coverage ratio was not met as at June 30, 2008 and December 31, 2007, but at December 31, 2007, the financial institution waived its right to recall the credit facility. Aside from the restrictive provisions of the credit facility, the Company is not subject to any third party capital requirements.

12 - FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Company is subject to various financial risks arising from both its operating and investing activities that could have a effect on its ability to achieve its strategic and growth objectives. Company management is responsible for managing financial risk.

The Company does not enter into contracts on financial instruments, including derivatives, for speculative purposes.

Financial risks

The main financial risks to which the Company is exposed, as well as its financial risk management policies, are described below:

Exchange risk

Because of its operations in the United States and Europe, the Company is subject to an exchange risk associated with fluctuations in the US dollar and the euro. The table below shows the sensitivity of the Company's net loss and comprehensive loss to a 10% increase in the US dollar and the euro against the Canadian dollar. The sensitivity analysis includes monetary items denominated in foreign currencies and takes into account the translation adjustment at the end of the period, based on a 10% change in exchange rates. An equivalent, opposite impact on net loss and comprehensive loss would arise from a 10% decrease in the US dollar and the euro against the Canadian dollar.

	Impact of the US dollar	Impact of the euro
Net loss and comprehensive loss	(70 279)	45 622

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

12 - FINANCIAL INSTRUMENTS (Continued)

Interest rate risk

Advances receivable and the long-term debt bear interest at a fixed rate and therefore expose the Company to a risk related to changes in fair value arising from changing interest rates.

A portion of the long-term debt and the bank loan bear interest at a variable rate and therefore expose the Company to a cash flow risk arising from changing interest rates.

The Company does not use financial derivatives to hedge its exposure to interest rates. A fluctuations of the interest rates of 1% will not have a material impact at the level of the loans. Consequently, sensitivity analysis of the effects of such fluctuations on the net loss and comprehensive loss has not been provided.

Credit risk

The Company is subject to credit risk, being risk related to the possibility that a customer or private company might be unable to pay the full amount due to the Company at the required time. Allowances are recognized as at the balance sheet date to account for potential losses; nevertheless, such allowances are not material. It may occur as at some balance sheet date, that some account receivable which the balance is higher than 10% of the total. In this case, the Company ensures that its customers are solvent and have a good payment history, and monitors the situation closely.

Liquidity risk

The Company manages its liquidity risk by maintaining a sufficient level of cash and cash equivalents and ensuring that the Company has sufficient sources of financing in the form of bank loans with sufficient authorized amounts. The Company establishes budget and cash forecasts to ensure that it has sufficient funds to meet its commitments.

13 - SEGMENTED INFORMATION

The Company has reviewed its activities and determined that it operates in a single reportable operating segment. The following information provides the required Company-wide disclosures:

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
Revenue by geographic location based on customer location				
Canada	2 136 389	1 848 492	3 634 594	3 290 014
United States	3 781 879	911 963	6 146 942	1 731 645
France	619 345	411 645	962 616	774 053
International	185 411	241 692	334 288	495 003
	<u>6 723 024</u>	<u>3 413 792</u>	<u>11 078 440</u>	<u>6 290 715</u>

Ranaz Corporation

Notes to the Consolidated Financial Statements

(Figures to June 30, 2008 and for the three and six-month periods ended June 30, 2008 and 2007 are unaudited.)

13 - SEGMENTED INFORMATION (Continued)

	Unaudited 2008-06-30	Audited 2007-12-31
	\$	\$
Property, plant and equipment by geographic location		
Canada	1 407 268	1 423 745
United States	1 030 147	
Goodwill by geographic location		
Canada	61 919	61 919
United States	500 768	

14 - PRIOR PERIOD FIGURES

Some of the comparative figures provided for prior periods have been reclassified to conform to the presentation adopted in the current period.

15 - FUTURE CHANGES IN ACCOUNTING POLICY

The CICA has issued the following new recommendation applicable to the coming years. In the coming quarters, the Company will assess the effect of adoption of this new standard on its consolidated financial statements.

Goodwill and intangible assets

Section 3064, *Goodwill and Intangible Assets*, provides guidelines on the recognition, measurement, presentation and disclosure of goodwill and intangible assets. This new standard applies to years beginning on or after October 1, 2008, and requires retroactive application. The Company is presently assessing the effects of this new standard.

16 - SUBSEQUENT EVENTS

On August 26, 2008, the Company closed a financing by issuing a \$1,500,000 unsecured convertible debenture to Fondation CSN. The five-year debenture bears interest at 12% per year and is convertible into shares of Ranaz at \$0,96 per share for the first 24 months. The conversion price will then increase by 10% per year in subsequent years. Interest will be capitalized in the first year, and a capital repayment holiday has been granted for the first two years.

On August 22, 2008, the Company closed a long-term loan with its lending institution for an amount of \$320,000 in relation to property, plant and equipment acquired in 2007.