

MANAGEMENT'S DISCUSSION AND ANALYSIS

This report, dated May 28, 2007, is a discussion relating to the financial position and operating results of Ranaz Corporation ("Ranaz") for the periods ended March 31, 2007 and 2006. This discussion should be read in conjunction with the Company's selected consolidated financial information, our interim unaudited consolidated financial statements and the notes thereto. These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Any additional information regarding the Company is available on the SEDAR Web site at the following address: www.sedar.com.

Notice regarding forward-looking statements

This Management's Discussion and Analysis includes certain "forward-looking statements," which include, but are not limited to, statements regarding strategic plans, sales and future financial results, in particular expected capital expenditures, measures to mitigate operating and financial risks, and, more generally, continued access to capital markets and the overall outlook regarding the Company. These forward-looking statements express, at the date of this Management's Discussion and Analysis, our plans, estimates, forecasts, projections, expectations or opinions regarding future events or results. The forward-looking statements include certain risks and uncertainties, many of which are beyond our control, and there is no guarantee that these statements will be accurate. Accordingly, the actual results or future events may differ substantially from these forward-looking statements. The risks and uncertainties that may cause the actual results or future events to differ substantially from the current expectations expressly or implicitly expressed in these forward-looking statements include, but are not limited to, the risks described in the "Risks" section of this Management's Discussion and Analysis. Readers should not be over confident in these forward-looking statements. We do not undertake to update the forward-looking statements included in this report.

Management's responsibility for financial reporting

The interim unaudited consolidated financial statements of Ranaz and the financial information presented in this interim report are the responsibility of management and have been approved by the Board of Directors of the Company. Said financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles (Canadian GAAP). They include amounts based on management's best judgment and estimates. In order to ensure the accuracy and objectivity of information included in the financial statements, management has designed, implemented and maintains internal control systems. Management is of the opinion that these internal controls provide reasonable assurance, at a reasonable cost, regarding the reliability of accounting records necessary for the preparation of financial statements and the safeguarding of assets. In compliance with Multilateral Instrument 52-109, the Company's chief executive officer and chief financial officer have provided to the Canadian securities administrators a certification related to the company's interim disclosure documents, including the interim unaudited consolidated financial statements and management discussion and analysis.

The Board of Directors approved the interim unaudited consolidated financial statements and this management's discussion and analysis on May 28, 2007.

Summary of operations

Ranaz is a company specialized in manufacturing and marketing protein and dietary supplements related to weight loss or obesity treatments. Its operations include the design, development, production and marketing of nutritional, protein and dietary supplements. All of the Company's products have common features, including: (i) flavours, tastes and formats tailored to market needs; (ii) quick and easy preparation; (iii) scientific design; and (iv) rigorous manufacturing standards. Products are marketed under private brands, as well as under its own corporate brands. To date, the Company has based its products on two main business concepts: *Protidiet* and *ProtiLife*.

The Protidiet line is intended for physicians treating obesity and comes in ready-to-eat formats consisting of bars, powders, soups, cookies, concentrates, muffins and other high-protein meals and snacks. The principal markets for Protidiet are North American weight-loss clinics, European pharmacies and parapharmacies.

The ProtiLife line has been launched in the first quarter of 2007. The Company launched a weight-loss and weight-maintenance program in Canada based on the expertise it has acquired in manufacturing high-protein diet products over the past 17 years. This weight-loss program includes a line of products specially designed to enable quick weight loss while incorporating a healthy weight-maintenance program once a healthy weight is reached. The product line is distributed through the independent big-box retail pharmacy networks in Canada.

The Company markets the ProtiLife line mainly through Pro-Amino International Inc. (Pro-Amino) and Distribution ProtiLife Inc., wholly owned subsidiaries. Pro-Amino is responsible for manufacturing all of the Company's products. Pro-Amino and Distribution ProtiLife Inc. are responsible for product distribution worldwide, with the exception of France and Belgium. In these two countries, product distribution is carried out by our wholly owned Irish subsidiary, Distridiet Limited (Distridiet).

The Company's operating earnings is obtained through sales of its products, net of cost of sales and operating expenses.

Cost of sales include all expenses incurred in the manufacturing of products for sale, such as operating manufacturing equipment (including the cost of personnel and other related costs) and the cost of raw materials used to develop finished products, as well as the costs of shipping the finished products to customers, markets and intermediaries covered by the marketing strategy.

Operating expenses include: (i) *Research expenses*, consisting mainly of expenses related to product development work and all the testing to control quality, nutritional content and microbiology, and to carry out sensory analyses; (ii) *Selling and administrative expenses*, which include the costs related to the sales and marketing teams and efforts, as well as administrative functions and support; and (iii) *Amortization expense*, which includes capital assets, trademarks and "customer list."

Highlights for the period

- Signing of several distribution agreements for the new ProtiLife line.
- Beginning of the first distribution at the end of March for the new ProtiLife line.
- Closing in January 2007 of a \$510,000 private investment.
- Exercised 333,333 broker's warrants for \$200,000.
- Exercised 213,316 warrants for \$127,990.
- Nomination of Mr. Daniel Sawaya as Chief Strategy Officer.
- Loss for the period totalling \$827,851.
- Basic and diluted loss per common share of \$0.03.

Selected consolidated financial information

Three months ended March 31,	2007 (\$)	2006 (\$)
Sales	2,912,892	2,809,593
Gross profit	719,918	825,862
Net loss for the period	(827,851)	(7,533)
Basic and diluted loss per share for the period	(0.03)	(0.00)
Loss before interest, taxes, depreciation and amortization (EBITDA)	(770,204)	64,990
Basic earnings before interest, taxes, depreciation and amortization (EBITDA) per share	(0.03)	0.00

Reconciliation of EBITDA

Management believes that EBITDA is an important measure in evaluating the Company's performance. However, EBITDA is not a recognized earnings measure under GAAP and does not have a standardized

meaning prescribed by GAAP. Therefore, EBITDA may not be comparable to similar measures presented by other issuers. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Company's performance or to cash flow from operating, investing and financing activities or as a measure of the Company's liquidity and cash flow. The Company defines and has computed EBITDA as described under "Definition of Non-GAAP Measures." The following table reconciles EBITDA to net loss, based on the Company's historical financial statements for the periods indicated.

(In thousands of dollars)	2007	2006
Three months ended March 31,		
Net loss	(828)	(8)
Interest	10	16
Income tax expense	-	15
Amortization	48	42
EBITDA	(770)	65

Comparison between the periods ended March 31, 2007 and 2006

During the first quarter of 2007, we signed distribution agreements with the following chains:

- Jean Coutu Group
- Shoppers Drug Mart/Pharmaprix
- Uniprix
- Kohl & Frisch
- Proxim
- McMahon / Brunet

At the end of the quarter ended March 31, 2007, we started the distribution of the new ProtiLife line the following chains:

- Jean Coutu Group
- Uniprix
- Kohl & Frisch
- Familiprix
- Proxim
- McMahon / Brunet

On January 25, 2007, the Company concluded a private investment of 850,000 units at a price of \$0.60 per unit for a total of \$510,000. Each unit comprises one common share of the Company and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one common share at an exercise price of \$0.70 until January 26, 2009. This private investment follows our initial public offering that closed on December 29, 2006. For more information on the initial public offering, please refer to our final prospectus dated November 28, 2006, found on the SEDAR Web site at www.sedar.com.

The broker has exercised all its 333,333 warrants, which generated cash inflow of \$200,000.

During the first quarter of 2007, 213,316 warrants were exercised for \$127,990 in cash.

Sales and gross margin

Sales amounted to \$2,912,892 for the period ended March, 31, 2007, up \$103,299, or 3.7%, from the amount recorded for the same period in 2006. This improvement was mainly due to growth of sales in United States

offset by the fact we recorded in the first quarter of 2006 exceptional sales due to initial deliveries for the constitution of inventories to a new major client which include 350 loss weight clinics.

In management's opinion, sales in future periods will increase in most of its geographic segments. The launch in pharmacies across Canada of its new Protolife brand product line at the close of the quarter that ended March 31, 2007, will continue to develop following the signing of several distribution agreements, the start of the first deliveries in compliance with the distribution agreement, various advertising campaigns and a increase in production to respond to demand.

With regard to the longer term, we are currently studying a project to manufacture nutrition bars. To date, the Company has purchased and resold such nutrition bars from a subcontractor under the Protidiet and private brand names.

Gross profit amounted to \$825,862 for the quarter ended March 31, 2006, compared to \$719,918 for the same quarter in 2007, representing 29.4% and 24.7% of sales for each quarter respectively (gross margin). This decrease in gross margin was mainly due to the start-up costs and development costs for the new ProtiLife line launching in 2007. The change of the distribution in the sales by geographic location has a negative impact on the gross profit.

Operating and other expenses

Research expenses were practically unchanged, totalling \$58,330 for the three-month period that ended March 31, 2007, compared to \$58,099 for the same period in 2006.

Selling and administrative expenses rose 100%, or \$690,309, to total \$1,380,439 for the quarter ending March 31, 2007, compared to \$690,130 for the same period in 2006; and they represented 46.0% and 24.6% of the Company's sales for the respective quarters. This increase was mainly attributable to promotion and administrative costs related to the launch of the ProtiLife line in the first quarter of 2007. This increase was also caused by the new management personnel conforming to future growth strategy and the additional responsibilities resulting from our new status as a public company. We expect that the actual amount of the administrative and expenses fees will stabilize in the next quarters.

Amortization expense increase by \$6,010 to total \$47,506 for the quarter ended March 31, 2007, compared to \$41,496 in the same period in 2006. This increase was primarily due to the amortization of intangible assets with respect to a customer list, which was recorded upon the acquisition of the distribution operations of Beautyfood S.A. with an effective transaction date of February 1, 2006. In management's opinion, the actual amortization expenses will increase due to the acquisition at the end of the quarter of new equipment for increasing production capacity and the addition of new office and computer equipment related to the increase in staff members.

Interest expenses decreased to \$6,292 or 38.3% in the quarter ended March 31, 2007, to total \$10,141 compared to \$16,433 for the same quarter in 2006. This decrease was due to the complete repayment of the bank loan in the quarter of 2007.

Exchange loss amounted to \$3,238 for the quarter ended March 31, 2007, compared to a loss of \$16,643 for the same quarter in 2006. This improvement resulted mainly from a slow down in the Canadian dollar's appreciation against foreign currencies for 2007 compared with 2006.

Net loss for the quarter ended March 31, 2007, was \$827,851, compared with a net loss of \$7,533 for the quarter ended March 31, 2006.

Consolidated cash flows

Liquidity and capital resources

Since inception, the Company has financed its business with cash flow from operating activities, loans and proceeds from equity issues. On January 25, 2007, we issued 850,000 units in consideration of \$510,000 in cash and exercised broker warrants in consideration of \$200,000 in cash and the exercise of 213,316 warrants in consideration of \$127,990 in cash.

Cash flow from operating activities

Cash outflow *operating activities* for the quarter ended March 31, 2007, totalled \$2,173,906, compared with an inflow of \$280,662 for the quarter ended March 31, 2006.

For this quarter of 2007 and 2006, cash outflow of \$1,449,843 and cash inflow of \$242,111 were attributed to changes in working capital items. For the quarter ended March 31, 2007, the cash outflow related to a change in working capital items is mainly attributable to an increase in accounts receivable and inventories during the quarter, although partially offset by an increase in accounts payable and accrued liabilities during the same quarter. The increase of accounts receivable, inventories and accounts payable (\$324,471, \$1,135,629 and approximately \$700,000 respectively) is related to the ProtiLife line in response to growing demands according to the distribution agreement signed during this quarter.

Investing activities

Our *investing activities* consist mainly in acquiring fixed assets for manufacturing the marketed products and making cash advances to private companies.

During the period ended March 31, 2007, we spent \$247,923 to purchase fixed assets in order to support the normal course of operations. We have earmarked \$20,000 for fixed assets, as well as \$68,011 to pay back cash advances for private companies. A request for financing from Economic Development Canada of about \$323,000 was concluded at the end of the quarter. The payments will begin during the second quarter. The loan will be repaid in ten equal and consecutive semi-annual payments starting 24 months after the end of the project.

Financing activities

During the period ended March 31, 2007, we repaid \$690,000 on the bank loan and repaid \$23,807 for the long-term debt. Finally, on January 25, 2007, we issued 850,000 units in consideration of \$469,624 (net of share issuance costs of \$40,376) and the broker exercised its 333,333 broker warrant and 213,316 warrants were exercised in consideration of \$327,990 in cash.

Capital resources and balance sheet

Consolidated balance sheet data

	(unaudited)	
	March 31, 2007	December 31, 2006
	\$	\$
Cash	1,265,127	2,344,298
Cash held in trust	-	1,190,840
Current assets	6,145,364	6,072,052
Working capital	3,389,882	3,577,075
Total assets	7,401,065	7,125,553

Current liabilities	2,755,482	2,494,977
Long-term debt	233,059	255,930
Total liabilities	2,988,541	2,750,907
Total shareholders' equity	4,412,524	4,374,646

Management believes that the Company's liquidities, amounts available under bank credit agreements and anticipated cash flow from operations will be sufficient to meet working capital needs, contractual obligations and capital expenditure requirements in the foreseeable future.

Change in long-term balance sheet items

The increase of \$202,200, or 19.2%, in long-term assets between December 31, 2006, and March 31, 2007, resulted primarily from the following:

- An amount of \$63,751 of long-term advances to private companies and \$118,107 in short-term advances as of December 31, 2006, \$68,011 was repaid during the quarter.
- Acquisitions of fixed assets of \$247,923 during the first quarter of 2007 increased the long-term debt, which was partially counterbalanced by the amortization of fixed assets and the disposal of fixed assets for \$20,000 during the quarter ended March 31, 2007. The fixed assets with the assessment (cost not amortized) increased by \$238,272, or 44.5%, during the quarter to total \$773,959 as of March 31, 2007.

During the same year, the Company's long-term liabilities decreased \$22,871, or 8.9%, to \$233,059 as of March 31, 2007. This decrease resulted from the repayment of \$23,807 in long-term debt during the quarter ended March 31, 2007.

Shareholders' equity amounted to \$4.4 million on March 31, 2007, up \$37,878 or 1%. This growth was attributable to \$797,614 increase in capital stock during the quarter, that is the proceeds of issuance net of issuance costs of the private investment of 850,000 units on January 25, 2007, the exercised 333,333 broker warrants, the exercised 213,316 warrants and the accounting for a basic stock compensation cost to the contributed surplus relating to the options granted in 2006 and 2007. This rise was partially offset by the net loss of \$827,851 recorded during the quarter ended March 31, 2007, which was charged to the deficit during this quarter, as well as the modification of the accounting agreement.

Capital stock information

	Authorized	Issued on March 31, 2007	Issued on May 29, 2007
Common shares	Unlimited	30,920,459	31,021,604
Warrants	5,353,571	5,140,255	5,039,110
Class "A" preferred shares	Unlimited	-	-
Common stock options	2,952,381	2,114,884	2,114,884

Changes in accounting policies

On January 1, 2007, the company adopted the recommendations of the Canadian Institute of Chartered Accountants (CICA), including chapter 1530, *Comprehensive Income*, chapter 3855, *Financial Instruments—recognition and measurement*, chapter 3861, *Financial Instruments - Information required and presentation*, chapter 3865, *Hedges* and chapter 3251, *Stockholders' equity*. These chapters apply to the exercises opened from October 1, 2006, and establish the standards of accounting, evaluation, disclosure and presentation of financial assets and liabilities, non-financial derivative instruments, and the use and application of hedge

accounting. Chapter 1530 defines the information and presentation standards concerning comprehensive income, which represents the change in a company's net assets that results from transactions, events and circumstances from sources other than the company's shareholders. It includes items that would not normally be included in net earnings, such as changes in the currency translation adjustment relating to self-sustaining foreign operations, unrealized gains or losses on available-for-sale investments, and gains or losses on derivatives designated as cash flow hedges, in accordance with the PCGR.

According to these new standards, all financial assets are classified as held for trading, held-to-maturity investments, loans and receivables or available-for-sale. Also, all financial liabilities must be classified as held for trading or other financial liabilities. All financial instruments are recorded initially on the consolidated balance sheet at fair value. After initial recognition, the financial instruments should be measured at their fair values, except for held-to-maturity investments, loans and receivables and non-trading liabilities, which should be measured at amortized cost using the effective interest method of amortization. The effective interest related to the financial assets and liabilities and the gain or loss arising from a change in the fair value of a financial asset or financial liability classified as held for trading are included in net income for the period in which they arise. If a financial asset is classified as available-for-sale, the gain or loss should be recognized in other comprehensive income until the financial asset is derecognized and all cumulative gain or loss is then recognized in net income, or if there has been a loss in value of such investment that is other than a temporary decline, the investment should be written down and the impairment loss should be recognized in net income.

Transactions costs, related to financial assets and liabilities, are accounted for in the administrative expenses.

The adoption of these sections do not have impact on the consolidated financial statements.

Reporting controls and procedures

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining reporting controls and procedures for the Company. These reporting controls and procedures have been designed to provide reasonable assurance that the material information relating to the Company was known to management during the period in which the annual filings are made. The Company's management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the reporting controls and procedures as at March 31, 2007. On the basis of this evaluation, the Company's Chief Executive Officer and Chief Financial Officer were satisfied with the effectiveness, in all material respects, of the Company's reporting controls and procedures to ensure that material information relating to the Company and its subsidiaries was made known to them.

In the course of management's evaluation of the design of reporting controls and procedures, it was determined that there were certain weaknesses in internal control over financial reporting. The Company has not completed its evaluation of the design of internal control over financial reporting. The Company believes it will be able to complete its evaluation during 2007. As is the case with many small companies, separation of duties is often difficult to ensure and is offset by increased management supervision.

The auditors of the Company have not reviewed the unaudited interim financial statements as at March 31, 2007, and this management's discussion and analysis.