



MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") dated August 28, 2008, discusses the financial position and operating results of Ranaz Corporation ("Ranaz" or the "Company") for the quarters ended June 30, 2008 and 2007. This MD&A should be read in conjunction with the Company's selected consolidated financial information, unaudited interim consolidated financial statements, and audited consolidated financial statements to December 31, 2007 and the notes thereto. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in this MD&A are in Canadian dollars unless otherwise indicated. Additional information regarding the Company is available on the SEDAR website at www.sedar.com.

Unless otherwise indicated or implied by the text, "Ranaz", the "Company", "we" and "our" refer to Ranaz Corporation and its subsidiaries. The disclosure in this report is limited to information that management considers "material", meaning that any omission of or inaccuracy in such information could hamper the investor's ability to make a reasonable decision regarding whether to buy, sell or hold Company securities.

Forward-Looking Statements

This MD&A includes certain "forward-looking statements", including but not limited to statements regarding strategic plans, future sales and financial results, particularly anticipated capital expenditures, measures to mitigate operating and financial risks, and, more generally, the Company's continued access to capital markets and overall outlook. These forward-looking statements express management's plans, estimates, forecasts, projections, expectations and opinions regarding future events or results as of the date of this MD&A. Forward-looking statements are subject to certain risks and uncertainties, many of which are beyond our control, and there is no guarantee that these statements will be accurate. Accordingly, actual results or future events may differ materially from those anticipated by such forward-looking statements. The risks and uncertainties that may cause the actual results or future events to differ materially from the current expectations expressed or implied by such forward-looking statements include, but are not limited to, the risks described in the "Risks" section of the annual MD&A and annual information form found on www.sedar.com. Readers should not rely unduly on such forward-looking statements. We do not undertake to update the forward-looking statements contained in this MD&A.

Management's Responsibility for Financial Reporting

The unaudited interim consolidated financial statements of Ranaz and the financial information presented in this MD&A are the responsibility of management and have been approved by the Company's Board of Directors. The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). They include amounts based on management's best judgment and estimates. In order to ensure the accuracy and objectivity of the information in the financial statements, management has designed and 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 that the Company's

assets are properly recognized and safeguarded. The Board of Directors approved the consolidated financial statements and this MD&A on August 28, 2008.

The unaudited interim consolidated financial statements for the quarter ended June 30, 2008, have not been reviewed by the Company's auditors.

Overview of Operations

Ranaz specializes in the manufacturing and sale of protein and dietary supplements. Its activities include the design, development, production and sale of nutritional, protein and dietary supplements. All Ranaz products have common features, including: (i) a flavour, taste and format tailored to market needs; (ii) quick and easy preparation; (iii) scientific formulation; and (iv) rigorous manufacturing standards. Products are sold under private labels as well as under the Company's 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 ProtiLife line was launched in the first quarter of 2007. Marketing of a weight loss and weight maintenance program in Canada is based on expertise acquired in manufacturing high-protein diet products over the past two decades. 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.

On January 11, 2008, the Company acquired BarTech Manufacturing, Inc. ("BarTech"). This company produces nutritional bars for its own customers and will eventually produce nutritional bars for the Protidiet and ProtiLife brands.

The Company mainly sells its products through Pro-Amino International Inc. ("Pro-Amino"), a wholly-owned subsidiary that holds the various trademarks and is responsible for making all of the Company's products. Pro-Amino is responsible for distributing the Company's Protidiet products worldwide, with the exception of France and Belgium. In these two countries, product distribution is carried out by a wholly-owned Irish subsidiary, Distridiet Limited. ProtiLife products are distributed by another wholly-owned subsidiary, Distribution ProtiLife Inc.

At June 30, 2008, the Company had 77 employees.

Principle Markets

Protidiet

The principle markets for the Protidiet concept are weight-loss clinics in North America and pharmacies and parapharmacies in Europe.

ProtiLife

The principle markets for the ProtiLife line are pharmacies and major retail distributors in search of readily-available weight-loss programs in North America.

Private Labels

The main private label products are manufactured by BarTech, a wholly-owned subsidiary. The United States is the primary target market.

Distribution Methods

Protidiet

In Canada and the United States, Protidiet products are sold directly by the Company in clinics with medical supervision and through commercial weight-loss chains, as well as in boutiques that specialize in obesity treatment. In Europe, the products are sold over the counter in pharmacies and parapharmacies through Eurodep.

ProtiLife

In Canada, the ProtiLife product line is sold by pharmacies and major retail distributors, over the counter, without prescription.

Private Labels

BarTech sells its nutritional bars to customers that subsequently distribute their own products.

Development Stages

Protidiet

Ranaz plans to continue developing its customer base in North America by introducing new products and continually improving its level of service. In 2007, the Company launched its new website, www.protidiet.com, which allows European consumers to buy the products directly and access extensive information on the high-protein Protidiet program.

ProtiLife

The Company initially targeted the Canadian market for deployment of the ProtiLife product line. In 2007, it achieved its objective of deploying its ProtiLife line in over 4,000 sales outlets in Canada. Stage two consists of introducing ProtiLife to the American and French markets.

Private Labels

BarTech plans to continue developing the US market and manufacturing nutritional bars for the Protidiet and ProtiLife brands.

Competition

Protidiet

Few companies in North America specialize in the manufacturing of high-protein and weight-loss nutritional products. Most of the companies in the nutritional food industry subcontract out production of their products to manufacturing companies like Ranaz. By making its own products, Ranaz has the advantage of lower production costs than its competitors, and better control over the contents of the products it sells.

The Company sets itself apart from the competition by adapting its strategies to specific market segments, such as pharmacies or the medical industry. It should be noted that competition is greater at the design level.

Unlike North America, high-protein diets are well-known in France, Belgium and Italy. Just as meal substitutes are well-known in North America, high-protein diet products are readily available in superstores, pharmacies and specialized clinic boutiques in Europe.

ProtiLife

There is currently no direct competitor to ProtiLife. A nutritional supplement rather than a meal substitute, ProtiLife is in fact the first such product available from major retail distributors in North America. It is therefore important that Ranaz differentiate its products clearly from those of its competitors.

Private Labels

In North America, few businesses specialize in the manufacturing of small batches of nutritional bars. This small batch production method leads to greater flexibility, reduced customer risk when launching new products and therefore a larger pool of potential customers for BarTech. Many companies subcontract the manufacturing of their products, which creates a large market for BarTech.

Key Performance Indicators

Key performance indicators are as follows:

1. Sales
2. Operating earnings

Non-GAAP Measures

Management believes that operating earnings is an important measure in evaluating the Company's performance. However, operating earnings is not a recognized earnings measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, operating earnings may not be comparable to similar measures presented by other issuers. Investors are cautioned that operating earnings 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 flows from operating, investing and financing activities, or as a measure of the Company's liquidity and cash flows.

Highlights for the Period

- Sales growth of 96.9% in the second quarter of 2008 relative to the same period in 2007
- Completion of a \$1.5 million financing with Fondation CSN subsequent to the end of the second quarter

Selected Consolidated Financial Information

<i>(dollars)</i>	Quarters 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
Gross profit	2,014,773	1,221,108	3,201,612	2,085,255
Net loss	(408,919)	(1,149,919)	(1,595,665)	(1,977,770)
Basic and diluted loss per share	(0.011)	(0.037)	(0.043)	(0.071)
Operating earnings	(146,125)	(950,706)	(1,173,390)	(1,649,557)
Basic and diluted operating earnings per share	(0.004)	(0.031)	(0.032)	(0.059)

Reconciliation of Operating Earnings

The following table reconciles operating earnings to the net loss, based on the Company's financial statements for the periods indicated.

<i>(thousands of dollars)</i>	Quarters ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Net loss	(409)	(1,150)	(1,595)	(1,978)
Stock-based compensation expense	102	83	203	151
Interest	29	11	46	21
Amortization of property, plant and equipment, intangible assets and deferred costs	100	60	191	108
Exchange loss (gain)	32	45	(18)	49
Operating loss	(146)	(951)	(1,173)	(1,649)

Comparison of Quarters ended June 30, 2008 and 2007

Sales and Gross Margin

Sales for the second quarter of 2008 totalled \$6.7 million, up \$3.3 million or 96.9% from the same quarter of 2007. Sales for the first half of 2008 amounted to \$11.1 million, \$4.8 million or 76.1% more than in the same period of 2007. The increase in sales for the quarter and first half of the year was mainly due to higher sales ProtiLife and Protidiet and the acquisition of BarTech in the first quarter of 2008, as well as growth in BarTech's sales since the acquisition. Sales grew in all markets served.

Management expects to increase sales in future periods by launching new ProtiLife products in Canada and Protidiet products in Canada and the United States. Management also expects BarTech's sales to grow in 2008 due to strong demand in the private label segment, with additional growth as of the first quarter of 2009 following acceptance of an offer to purchase a building located near BarTech's facilities. This acquisition will enable BarTech to triple its production of nutritional bars in the medium term with the addition of a new, more efficient production line that will allow an annual production of over 90 million bars. The Company plans to install the new production line in the fourth quarter of 2008 and have it fully operational by the first quarter of 2009. The building can accommodate three additional production lines for a total capacity of 250 million bars.

Gross profit totalled \$2.0 million or 30.0% of sales (gross margin) for the three-month period ended June 30, 2008, compared to \$1.2 million or 35.8% of sales for the same quarter in 2007. For the six-month period ended June 30, 2008, gross profit was \$3.2 million or 28.9% of sales compared to \$2.1 million or 33.1% of sales for the same period in 2007. This decline in gross margin for the second quarter and first half of the year was primarily attributable to the acquisition of BarTech, which generated lower margins that were partially offset by an increase in selling prices.

Operating Loss

Ranaz cut its operating loss substantially in the second quarter of 2008, to \$146,125 from \$950,706 last year and \$1,027,265 in the first quarter of 2008. The Company's net loss for the second quarter was also lower, falling to \$408,919 or \$0.011 per share from \$1,149,919 or \$0.037 per share a year earlier. The net loss for the first half of the year totalled \$1,595,665 or \$0.043 per share, compared to \$1,977,770 or \$0.071 per share for the same period in 2007.

Operating Costs and Other Charges

Research expenses increased by \$22,170 or 36.2% in the quarter ended June 30, 2008 to stand at \$83,411, up from \$61,241 in the same quarter of 2007. *Research expenses* for the six months ended June 30, 2008 grew by \$95,616 or 80.0% to \$215,187, compared to \$119,571 for the same period in 2007. This increase for the second quarter and first half of the year was mainly due to nutritional bar development work.

Selling and administrative expenses of \$2.1 million for the quarter ended June 30, 2008 were virtually unchanged from the second quarter of 2007. *Selling and administrative expenses* for the six months ended June 30, 2008 grew by \$504,574 or 13.8% to \$4.2 million from \$3.7 million for the same period in 2007. The increase was due to the acquisition of BarTech in the first quarter of 2008, higher selling costs in Europe arising from changes in packaging format and the launch of new products, as well as higher shipping costs resulting from the sales growth. These increases were offset by lower advertising and promotion costs for the ProtiLife product line.

Stock-based compensation of \$102,390 for the second quarter and \$203,473 for the first half of 2008 was attributable to options granted in 2007, and compares to amounts of \$82,892 and \$151,007 for the corresponding periods in 2007.

Depreciation and amortization grew by \$39,496 to \$99,733 for the quarter ended June 30, 2008, compared to \$60,237 for the three months ended June 30, 2007. The increase was primarily due to property, plant and equipment acquired in the second quarter of 2008 and the last half of 2007 to support sales growth. *Depreciation and amortization* for the six months ended June 30, 2008 was \$190,824 compared to \$107,743 for the same period in 2007. The increase was primarily attributable to property, plant and equipment acquired in 2008 and the second half of 2007 to support sales growth and the BarTech acquisition.

The *exchange loss* remained almost unchanged in the quarter ended June 30, 2008, at \$31,667 compared to \$45,376 for the same quarter of 2007. For the six-month period ended June 30, 2008, the *exchange gain* amounted to \$18,465, compared to a loss of \$48,614 for the same period in 2007. This change was attributable to the lower value of the Canadian dollar against foreign currencies in the first half of 2008 compared to the same period in 2007.

The *net loss* for the second quarter ended June 30, 2008 was \$408,919 or \$0.011 per share compared to \$1,149,919 or \$0.037 per share in the second quarter of 2007. The *net loss* for the six-month period ended June 30, 2008 was \$1,595,665 or \$0.043 per share compared to a net loss of \$1,977,770 or \$0.071 per share for the first half of 2007.

Consolidated Cash Flows

Operating Activities

Cash flow used in *operating activities* totalled \$909,936 for the second quarter ended June 30, 2008 and \$2,352,012 for the first half of 2008, compared to \$1,414,945 and \$3,588,851 used in the corresponding three and six-month periods in 2007.

Changes in non-cash working capital items used \$703,140 in the second quarter of 2008 and \$412,656 in the same quarter of 2007. In the three-month period ended June 30, 2008, these changes consisted mainly of increases in accounts receivable, inventories and prepaid expenses, offset by increases in accounts payable and accrued liabilities.

For the first six months of 2008 and 2007, changes in non-cash working capital items reduced cash flow by \$1,166,974 and \$1,862,499 respectively. For the six months ended June 30, 2008, these changes consisted primarily of increases in accounts receivable, inventories and prepaid

expenses, offset by increases in accounts payable and accrued liabilities. The growth in inventories was required to meet a growing demand for the Company's products.

Investing Activities

Investing activities consisted primarily of the acquisition of a business and property, plant and equipment to support the manufacturing of products sold.

During the quarter ended June 30, 2008, \$74,141 was invested in property, plant and equipment to support the normal course of business, and \$27,548 was used to acquire trademarks.

In the first six months of 2008, \$227,801 was invested in property, plant and equipment to support the normal course of business, \$27,548 in trademarks and \$16,092 in the BarTech acquisition, all offset by \$397,390 received in repayment of advances to BarTech.

Financing Activities

In the quarter ended June 30, 2008, the Company borrowed \$683,456 in new loans and repaid \$46,608 in long-term debt. Equity instruments were issued for consideration of \$20,210 pursuant to the exercise of warrants. Additional financing of \$107,484 was granted under an agreement with Canada Economic Development. In addition, following the acquisition of BarTech Manufacturing, Inc, the Company signed an agreement on January 30, 2008 with its financial institution for a US \$600,000 term loan that was drawn down during the quarter, and a US \$250,000 credit facility.

In the first half of 2008, the Company borrowed \$683,456 in new loans and repaid \$552,464 in long-term debt. Equity instruments were issued for consideration of \$561,611 pursuant to the exercise of warrants, including \$500,000 from FIER Ville-Marie in the first quarter of 2008. A total of \$1,214,350 was also drawn on the bank loan.

On August 26, 2008, the Company closed a financing when it issued a \$1.5 million unsecured convertible debenture to Fondaction CSN. The five-year debenture bears interest at a rate of 12% per year and is convertible into Ranaz common shares at \$0.96 per share for the first 24 months. The conversion price will then increase by 10% per year in subsequent years. The interest is capitalized for the first year, and a capital repayment holiday has been granted for the first two years.

On August 22, 2008, the Company signed a long-term loan agreement with its financial institution for \$320,000 in relation to property, plant and equipment acquired in 2007.

Sources of Financing and Balance Sheet

Consolidated Balance Sheets Data

<i>(dollars)</i>	June 30, 2008	December 31, 2007
Cash	256,129	583,019
Current assets	7,880,798	5,686,754
Working capital	2,990,667	3,821,949
Total assets	11,305,620	7,918,336
Bank loan	1,214,350	-
Current liabilities	4,890,131	1,864,805
Long-term debt (including current portion)	1,015,469	390,246
Total liabilities	5,591,010	2,138,292
Total shareholder's equity	5,714,610	5,780,044

Management believes that the Company's cash assets, the CA \$1,750,000 and US \$250,000 available under its bank credit agreements, the financing closed after the end of the quarter for a total of \$1.8 million and its anticipated cash flows from operations will be sufficient to meet working capital requirements, contractual obligations and capital expenditure requirements in the foreseeable future. The Company presently has a high inventory level, which allows it to assure prompt delivery to its customers despite rapid growth in sales, particularly for the ProtiLife line and BarTech.

Pursuant to the BarTech acquisition, the Company closed a financing with its financial institution on January 30, 2008 for a US \$600,000 term loan and a US \$250,000 credit facility.

Changes in Long-Term Balance Sheet Items

The \$1,193,240 or 53.5% increase in long-term assets from December 31, 2007 to June 30, 2008 was mainly due to the following items:

- The acquisition of BarTech on January 11, 2008, which brought in property, plant and equipment and recognition of amounts for customer relations and goodwill;
- The acquisition of \$227,801 in property, plant and equipment to support sales growth, less depreciation of \$138,880 for the first half of 2008; and
- Receipt of \$397,390 advanced to BarTech Manufacturing, Inc. in the form of a note receivable.

Shareholders' equity declined by \$65,434 or 0.01% to \$5.7 million at June 30, 2008. The decrease was due to \$1,326,758 added to capital stock in the first half of 2008, being the proceeds of share issuances pursuant to the exercise of warrants and the acquisition of BarTech during the quarter, and a \$203,473 addition to contributed surplus in the first half of 2008 related to the stock-based compensation expense for the quarter. These factors were partially offset by the net loss of \$1,595,665 for the six-month period ended June 30, 2008, which was charged to the deficit during the period.

Capital Stock

	Authorized	Issued as at June 30, 2008	Issued as at August 28, 2008
Common shares	Unlimited	37,565,312	37,565,312
Warrants	7,122,686	5,410,757	5,410,757
Broker warrants	117,764	117,764	117,764
Common stock options	2,952,381	2,409,884	2,409,884

Quarterly Review

Operating results for each of the last eight quarter are shown in the table below. The Company considers that the information for these quarters was prepared in the same manner as the audited financial statements for the year ended December 31, 2007.

<i>(thousands of dollars)</i>	Q2-2008	Q1-2008	Q4-2007	Q3-2007
Sales	6,723	4,355	3,033	3,381
Gross profit	2,015	1,187	928	1,017
Net loss	(409)	(1,187)	(1,635)	(671)
Basic and diluted loss per share	(0.011)	(0.03)	(0.046)	(0.021)

<i>(thousands of dollars)</i>	Q2-2007	Q1-2007	Q4-2006	Q3-2006
Sales	3,472	2,908	2,094	2,091
Gross profit	1,086	901	492	586
Net earnings (loss)	(1,150)	(828)	(342)	107
Basic and diluted earnings (loss) per share	(0.037)	(0.03)	(0.017)	0.005

In the fourth quarter of 2007, the Company restated shipping costs, previously included in cost of goods sold, to selling and administrative expenses. This change did not affect the net loss or the basic and diluted loss per share. The quarterly results have not been restated.

Changes in Accounting Policy

Financial instruments

The Company has adopted the following new sections of the handbook of the Canadian Institute of Chartered Accountants ("CICA"). 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.

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 against inventories.

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.

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.