



**ANNUAL INFORMATION FORM**  
Fiscal year ending December 31, 2006

**July 18, 2007**

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## FORWARD-LOOKING STATEMENTS

This annual information form (“AIF”) may include forward-looking statements regarding the future that are intrinsically uncertain. These statements reflect the current vision of management and are based on certain assumptions. The actual achievements of Ranaz Corporation (“**Ranaz**” or the “**Corporation**”) and other results may differ considerably from those expressed in or suggested by the forward-looking statements because of numerous risk factors including, but not limited to, the risk factors described in this AIF. See “Risk factors.”

Forward-looking statements are generally identified by the use of expressions such as “expects,” “foresees,” “believes,” “intends,” “feels,” “projects” or other comparable expressions, or refers to events or conditions that “must,” “can,” “could” or “should” occur.

**Forward-looking statements should not be interpreted as predictions of actual results. Ranaz does not intend to update them.**

## CURRENCY

All references in this AIF to “dollars” and “\$” refer to Canadian dollars, unless otherwise expressly stated.

## INDUSTRY DATA AND TRADEMARKS

Market data and industry forecasts used throughout this AIF were obtained from various publications. Although management believes that these independent sources are generally reliable, the accuracy and completeness of such information is not guaranteed and has not been independently verified.

This AIF contains registered trademarks owned or licensed by the Corporation or one of its subsidiaries, including “Protidiet” and “ProtiLife.”

## 1. CORPORATE STRUCTURE

### 1.1 NAME AND INCORPORATION

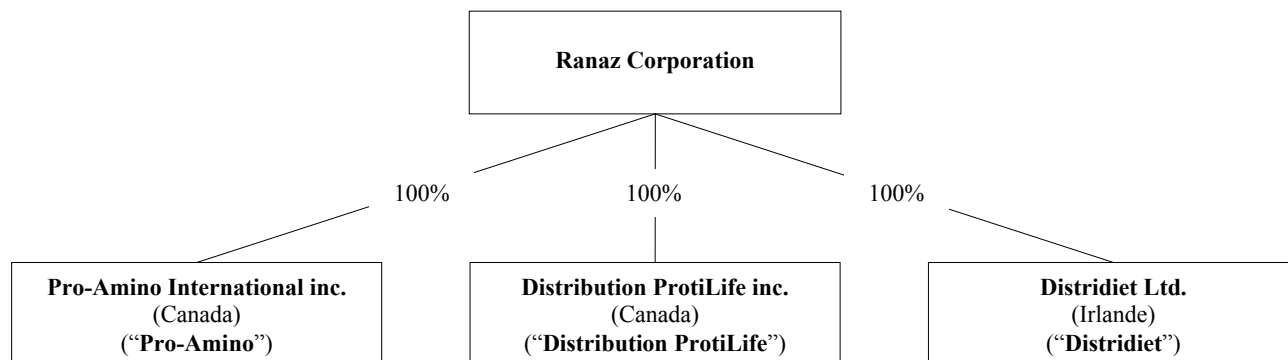
The Corporation was incorporated on October 17, 1991 under the *Canada Business Corporations Act* under the name “Les importations Ranaz inc.” On August 11, 1993, the Corporation changed its name to “Ranaz Corporation.” The Corporation filed articles of amendment on October 23, 2006 to remove the provisions regarding its status as a “private issuer” and change its capital such that it would consist thereafter of common shares only. On November 27, 2006, the Corporation once again changed its capital to enable it to issue an unlimited number of Class A preferred shares. See “Description of Share Capital.”

### 1.2 PLACE OF BUSINESS

The head office and principal place of business of the Corporation are located at 500 Guindon Street, Suite 111, Saint-Eustache, Québec J7R 5B4.

## 2. INTERCORPORATE RELATIONSHIPS

The intercorporate relationships between the Corporation and its subsidiaries are shown in the following table:



The Corporation holds all outstanding shares of Pro-Amino and Distribution ProtiLife, companies incorporated under the *Canada Business Corporations Act*. The Corporation also holds all of the issued shares of Distridiet, which is a company incorporated under the laws of the Republic of Ireland. In this AIF, unless the context indicates otherwise, references to the Corporation also include Pro-Amino, Distribution ProtiLife and Distridiet.

## 3. GENERAL DEVELOPMENT OF ACTIVITIES

### 3.1 THE CORPORATION

Founded in 1989 by Jean Bourassa-Marineau, Pro-Amino specializes in manufacturing and marketing, on a global basis, protein and dietary supplements that its research and development team develops in-house.

In 1992, the Corporation moved into its new 24,000-sq. ft. premises in Saint-Eustache, Québec, and its equipment was modernized.

In 1993, the Corporation entered the European market with a sole distributor and began marketing the Protidiet brand in France.

In 1994, Pro-Amino became a wholly owned subsidiary of the Corporation, which was incorporated in 1991 by Jean Bourassa-Marineau for the specific purpose of holding the shares of Pro-Amino.

In 1996, the Corporation acquired Fabripak inc., a supplier of packaging services for food powder packets located in Laval, which at that point was responsible for packaging the Corporation's products. Since then, its assets have been integrated into the Corporation's operations.

In 1997, the Corporation entered into agreements with distribution networks to sell its Protidiet products in Mexico and Lebanon. That same year also saw a considerable increase in domestic and global sales.

In 1998, the Corporation obtained a registration number from the Canada Food Inspection Agency (CFIA) to facilitate the export of its products worldwide. This registration number became necessary subsequent to amendments to European dairy product legislation.

In 1999, the Corporation received the SME Award, Montréal-West Area, from a Canadian chartered bank.

In 2002, the Corporation implemented the Kaizen management technique, which resulted in a significant productivity boost for manufacturing operations. The Corporation also created Distridiet in Ireland and implemented its GMO-free manufacturing policy banning genetically modified organisms (GMOs) for the European market.

In 2003, the Corporation invested significant amounts in marketing and its sales force to increase its market share in France. During the same year, the Corporation adapted its product line to comply with France's GMO legislation. This adaptation was necessary to avoid having to indicate the presence of GMOs on product labels, which could have significantly harmed the Corporation's European sales.

### **3.2 BACKGROUND OF THE CORPORATION OVER THE PAST THREE FISCAL YEARS**

On October 24, 2003, the Corporation acquired the 50% interest that Protidiet S.A.S., a French company, had in Distridiet. A product distribution agreement between the Corporation and the French company Protidiet S.A.S. ended subsequent to a trade disagreement involving the distribution of competing products ("**Protifast**") with a name that sounded similar to the Corporation's "Protidiet" brand. Protidiet S.A.S. has since changed its name to Protifast S.A.S. The dispute arising from this disagreement was settled between the parties in Spring 2006. This settlement, which provides for payment by the Corporation, in 12 monthly instalments, of €38,000 in consideration for the cancellation of the balance of sale price payable to Protidiet S.A.S. (for the purchase of its interest in Distridiet) amounting to \$327,878, was approved by a French court on November 22, 2006.

In 2005, the Corporation entered into a logistics agreement in France to deploy its products in Europe with DGX Pharma ("**DGX**"), a subsidiary of Celesio Group. Under this agreement, the Corporation maintains all of its rights as a distributor under its own Protidiet trademark. Accordingly, DGX was mandated to see to the storage of products belonging to Ranaz, and the invoicing and collection of amounts payable from clients, on behalf of the Corporation, in return for a percentage of established invoicing.

In October 2005, the Corporation entered into an open-ended agreement with Herbal Magic ULC, a London, Ontario-based company operating a network of weight loss and nutrition centres through its 310 franchisees across Canada. Ranaz began receiving revenues under this agreement relating to the supply of private brand bars and powders in the first quarter of the current fiscal year. These revenues vary from month to month and the agreement does not set out minimum or maximum order levels.

During 2006, the Corporation transferred its logistics operations from DGX to Eurodep by cancelling its logistics agreement with DGX without penalty. Eurodep offers the same services as DGX, in addition to enhancing customer service in France, while efficiently covering Belgium, a required condition for the Corporation subsequent to the acquisition of the client list in this market from Beautyfood S.A., a Belgian company. No disputes have arisen from the cancellation of the agreement with DGX. Accordingly, on February 1, 2006, the Corporation acquired a client list for the Protidiet brand for the entire Benelux region (Belgium, the Netherlands and Luxembourg) for €250,000. In addition, during the first quarter of 2006, the Corporation started delivering products related to its agreement with Herbal Magic ULC.

In April 2006, the Corporation completed a private placement of 2,857,143 common shares and 1,428,571 subscription warrants with FIER Ville-Marie, LP in consideration of \$1 million in cash.

On November 27, 2006, the Corporation converted 9,523,811 common shares into 9,523,811 Class A preferred shares as required by the TSX Venture Exchange (the "**Exchange**") to meet a requirement for "public distributions" according to which, after conversion, 20% of the outstanding common shares are held by "public shareholders" as defined in the Exchange's policies.

On December 29, 2006, the Corporation carried out an initial public offering (the "IPO"). The IPO consisted of an offering of 6,666,667 units at a price of \$0.60 per unit for proceeds of \$4,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at an exercise price of \$0.60 until December 29, 2008.

On February 20, 2007, the shareholders holding 9,523,811 Class A preferred shares converted all these shares into common shares.

## **4. DESCRIPTION OF ACTIVITIES**

### **4.1 GENERAL**

Ranaz is a company specialized in manufacturing and marketing protein and dietary supplements related to weight loss or obesity treatments. Its mission is to design, develop and market nutritional, protein and dietary supplements under private brands, as well as under its own corporate brands, such as “Protidiet” and “ProtiLife”. The Protidiet product line consists of approximately 120 products and the ProtiLife line includes 10 products (six in packets and four ready-to-eat bars).

Its Distribution ProtiLife subsidiary distributes ProtiLife products in Canada.

Pro-Amino holds different trademarks, and manufactures and distributes Protidiet brand products in countries other than France and Belgium, and is responsible for private brand contracts. It holds the ProtiLife trademark for Canada.

The Corporation’s Irish subsidiary Distridiet distributes the Protidiet products in the French and Belgian markets.

Ranaz acts as a management company for Pro-Amino, Distribution ProtiLife and Distridiet.

Through its subsidiaries, Ranaz produces high-quality dietary and protein supplements. All of the Corporation’s products have common features, including flavours and tastes that meet market demands, a format tailored to the market, and quick and easy preparation, as well as scientific design and rigorous manufacturing standards.

The Corporation’s products are developed for optimal taste, which requires in-depth knowledge of product formulation using ingredients that meet the specifications stipulated by the various weight loss protocols. Each flavour is developed according to its target distribution country to enable it to assume a leadership position for quality and flavour. The resulting product is then submitted to a battery of tests to control quality, nutritional content and microbiological make-up, as well as to conduct sensory analysis (flavour, odour and texture).

The Corporation has very stringent product quality controls. In 1998, the Minister of Agriculture and Agri-Food granted the Corporation a registration certificate, which has subsequently been renewed each year, facilitating export of its products worldwide. This registration certificate is granted under the *Dairy Products Regulations*, under the enabling statute, the *Canada Agricultural Products Act*. This regulation governs the granting conditions of the registration certificate. There are many rigorous conditions to be met. Without providing an exhaustive list, the registered establishment must not be near a pollution source, must have adequate pest control, must allow for proper drainage and must include a sufficient number of rooms to allow for the separation of incompatible operations. Since Canada is world-renowned for having rigorous standards for the registration of establishments, this reputation often serves as certification of compliance with the legislative framework for the food industry beyond Canada’s borders.

The Corporation has based its products on two business concepts: Protidiet and ProtiLife. See “Principal Products and Services.”

The Corporation is also in the process of developing for its new plant a nutrition bar manufacturing project targeting private labels as well as its own brands. See “Production of Nutrition Bars.”

### **4.2 NEW MARKETS**

The Corporation assesses several factors before deciding to operate in a new market. Accordingly, the Corporation will not enter a new market unless the following criteria have been met:

- The product’s end consumer can be easily identified and targeted;
- The product’s distribution niche provides for effective contact with the target client;
- The product offering is easily adaptable to the distribution niche;

- The chosen distribution niche provides for repeat sales.

For information purposes, during the fiscal year ended December 31, 2006, the Corporation's total revenues were geographically distributed as follows:

Country	Percentage of revenues
Canada	53%
U.S.	23%
France	17%
Other	7%

Therefore, during the fiscal year ended December 31, 2006, export sales realized during the year accounted for approximately 47% of the Corporation's total revenues.

#### *Canada and the U.S.*

The Corporation's Protidiet products are currently sold by the Corporation without intermediaries in Canada and the U.S. to medically supervised clinics through commercial weight loss chains and in shops specializing in the treatment of obesity. The Corporation's products are sold in over 100 clinics in Canada, over half of which are in Québec.

The Corporation has started supplying ProtiLife line products to independent Canadian pharmacy banners.

#### *Europe*

Through the European company Eurodep, which has a logistics agreement with Ranaz, the Corporation's products are distributed in France and Belgium in pharmacies and parapharmacies (establishments with all the features of pharmacies—which are subject to regulatory control—except the prescription counter, but that still offer customers advice). Ranaz has a total of approximately 880 points of sale for its products in France and Belgium.

## **5. PRINCIPAL PRODUCTS AND SERVICES**

### **5.1 PROTIDIET**

In terms of its marketing niche, the Protidiet product line targets healthcare specialists treating obesity. More specifically, Protidiet is a weight loss product incorporating proteins with vitamins and mineral salts. It is a weight loss diet based on the protein diet derived from clinical studies conducted by Dr. George Blackburn, a Harvard University nutrition specialist. Protidiet is a ready-to-eat product line consisting of bars, powders, soups, cookies, concentrates, muffins and other high-protein meals and snacks designed to facilitate weight loss.

#### *1) Principal markets*

The principal markets for the Protidiet line are North American weight loss clinics and European pharmacies and parapharmacies.

#### *2) Distribution methods*

In Canada and the U.S., the Protidiet products are sold by the Corporation without intermediaries to medically supervised clinics, commercial weight loss chains and shops specializing in obesity treatments.

In Europe, the products are sold over the counter at pharmacies and parapharmacies through Eurodep.

### 3) *Development stages*

Ranaz plans to continue developing new clientele in North America through new product launches and continuous improvements to service. During the first quarter of fiscal 2007, two new salty snacks and one new multilayer bar were introduced at the specialized trade fair of the American Society of Bariatric Physicians (ASBP).

The Corporation recently brought its new Web site [www.protidiet.com](http://www.protidiet.com) online, enabling direct consumer product sales and access to a host of information on the Protidiet high-protein diet. **The content of this Web site is not part of this AIF and is not incorporated by reference. Potential investors should not rely on it when deciding whether or not to invest in the Corporation's securities.**

### 4) *Competitors of the Corporation in North America*

There are very few businesses in the world that specialize in manufacturing diet and protein food products. A large number of the businesses in the nutritional food industry, such as Atkins, Adrien Gagnon and Jamieson have their products manufactured by subcontractors, such as Ranaz. By manufacturing its products in-house, Ranaz will have the advantage of having lower production costs than its competitors and better content control for products already on the market.

The Corporation sets itself apart from its competitors by adapting its strategies to the various market segments, such as pharmacies or the medical segment. It is important to remember that product brand concepts are where competition is the most acute.

### 5) *Principal competitors of the Protidiet line in North America*

The Corporation considers that the main North American competitors of the Protidiet line are as follows:

#### *Bariatrix International*

Bariatrix International ("**Bariatrix**"), the Corporation's largest competitor in the powder and bar industry, has a market presence in Canada, the U.S. and France. Bariatrix has been well established for some 20 years and has developed and launched diet products and protein supplements for weight control programs based on protein supplements. This company primarily targets clinics treating obesity and private label manufacturing of various products in powder and bar formats. In 2003, Bariatrix sold its manufacturing operations to Nellson Nutraceutical Inc. ("**Nellson**") for an estimated total of US\$325 million. Since then, this company no longer manufactures its products in-house and its manufacturing needs in the U.S are met by Nellson. To the best of the Corporation's knowledge, its strategy is based solely on physicians (North America) and private labels (Europe).

#### *Robard Corporation*

This company is absent from the Canadian and European markets and has been active for some 30 years in the U.S., where it markets its nutritional supplements. Its nutritional supplements contain proteins and are marketed under the Robard Corporation brand, as well as other (low-volume) private brands. Its products are mainly marketed via healthcare specialists and clinics run by physicians treating obesity. It manufactures the powder products in-house and outsources the manufacturing of its bars. The weight loss method on which Robard Corporation products are based is the one used in traditional protein weight loss programs.

#### *Healthwise*

Healthwise is present in the United States only. As a small market player, it manufactures only powder products and outsources the manufacturing of its bars to *Les Aliments Multibar inc.* To the best of the Corporation's knowledge, this company does not offer private label services.

### R-Kane

This is another smaller player that sells its products—mostly powders—exclusively in the U.S., and more specifically to clinics treating obesity through protein product consumption. R-Kane offers a line of powder shakes that it manufactures in-house and bars that it outsources. To the best of the Corporation’s knowledge, R-Kane does not offer private label services.

### Promedis

This Jamieson subsidiary specializes in powders and bars. Promedis has a market presence in the U.S. and Canada, and the Corporation believes it benefits from a considerable reputation thanks to the “Jamieson” brand. It manufactures its powder products in-house and outsources bar manufacturing. To the best of the Corporation’s knowledge, Promedis does not offer private label services.

### 6) Competitors of the Protidiet line in Europe

Unlike in North America, the high-protein diet is well known in France, Belgium and Italy. Just as meal replacements are well known in North America, high-protein diet products are readily available in big-box stores, pharmacies, and in specialized shops/clinics. The Corporation considers that the European competitors of the Protidiet line are as follows:

Competitor company	Product line	AVAILABILITY				
		Big-box and medium-sized stores	Pharmacies	Parapharmacies	Clinics	Mail order sales
Distriborg Groupe	Gayelord Hauser	√				
Laboratoire NPC	Dietline	√	√			
Proteika <sup>(1)</sup>	-				√	√
KOT	-		√			
Protical	-	√ <sup>(2)</sup>	√ <sup>(2)</sup>			
Milical	-	√ <sup>(2)</sup>	√ <sup>(2)</sup>			
Protifast S.A.S.	-		√	√		

Notes:

- 1) Was acquired by Nestlé.
- 2) With respect to meal replacements.

## 5.2 PROTILIFE

The Corporation’s second flagship product is its ProtiLife product line. This product line is sold in pharmacy banners and big-box food stores with a pharmacy section. ProtiLife offers a protocol enabling individuals to lose weight rapidly, meet a healthy weight objective and maintain that healthy weight over time.

The ProtiLife line is a weight loss protocol including high-protein products, supported by the methodology used by medical weight loss programs based on the very low calorie diet (VLCD) and low calorie diet (LCD) theories. The Corporation backs up the protocol and its ProtiLife products with its 17 years of experience in developing high-protein products for use in connection with LCD and VLCD weight loss diets.

The brand's principal features are its quality, scientific basis, effectiveness and high-protein levels, whereas its secondary features are that it is safe, healthy, low-calorie, great tasting and aspartame-free.

This brand enables the Corporation to capitalize on its experience in developing products for the weight loss industry by introducing a mass market product supported by scientific research. The Corporation wishes to position this brand to establish Ranaz as the world leader in the development and marketing of quality and effective high-protein weight loss and dietary supplements and in consumer market expertise.

The ProtiLife product line enables fast weight loss while providing the nutrients needed to maintain muscle mass. Once clients achieve their healthy weight objective, they can follow a ProtiLife maintenance program, which is a healthy nutrition program that includes ProtiLife products to facilitate follow-ups.

The ProtiLife product line currently consists of 10 different products, or six products in packets containing protein powder mixes (four sweet and two salty flavours) and four ready-to-eat bars; both formats are sold in five-serving boxes.

The ProtiLife product line creates a new category from a marketing perspective. As a result, ProtiLife is not a meal substitute, but a nutritional supplement that is part of a safe weight loss program approved by the Corporation's scientific advisor.

1) *Principal markets*

The principal markets for the ProtiLife concept are the clientele of pharmacies and big-box stores in search of weight loss programs readily available in North America and Western Europe.

2) *Distribution methods*

In Canada, the ProtiLife product line is sold over the counter in pharmacies and big-box stores.

3) *Development stages*

In the first stage, the Corporation is aiming to offer the ProtiLife product line on the Canadian market. The Canadian pharmacy networks targeted by the Corporation include approximately 4,000 points of sale.

In a second stage, the Corporation will aim to launch ProtiLife in the U.S. and France.

*Continuing the launch of the ProtiLife product line in pharmacies and big-box stores in Canada*

The Corporation intends to offer 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 independent retail big-box pharmacy networks (Jean Coutu Group, Uniprix, Kohl & Frisch, Familiprix and McMahon/Brunet as well as other big-box food stores with pharmacy sections (A&P and Loblaws). The Corporation plans to offer its ProtiLife product line to other big-box stores, which will require the signing of marketing agreements.

*Launch of the ProtiLife product line in the U.S.*

The Corporation plans to offer its ProtiLife product line in independent pharmacy chains and in pharmacies associated with big-box stores in the U.S. at earliest in 2008. These pharmacies include approximately 10- to 20,000 points of sale.

#### *Launch of the ProtiLife product line in France*

In 2008 at the earliest, the Corporation plans to offer its ProtiLife product line in big-box food stores in France with a pharmacy section, such as Carrefour, Auchan and Monoprix. These big-box stores include approximately 2- to 5,000 points of sale.

#### *4) Principal competitors of the ProtiLife product line*

The ProtiLife product line currently has no direct competitors. In fact, since ProtiLife is a *nutritional supplement*, and not a *meal replacement*, it is the first product in this category sold in big-box stores in North America. As a result, it is important for the Corporation to clearly differentiate its product from its competitors.

Moreover, ProtiLife is competing directly with existing products currently on pharmacy shelves, such as *Slimfast* from Unilever, *Nutriforme* from Adrien Gagnon, *Nutribar* from Stella Pharmaceutical Canada Inc., *Zone* from Zone Labs, Inc. and all the other weight loss products in the meal substitute category under the *Food and Drug Regulations*.

### **5.3 PRODUCTION OF NUTRITION BARS**

The Corporation is working on a project for producing nutrition bars to be distributed under private label or under its own brands.

The Corporation currently buys nutrition bars from a subcontractor and resells approximately 7,500,000 bars per year under the Protidiet brand and under other private labels.

The main reasons for this project are as follows:

- Nutrition bars are key products in the nutrition product line;
- Being a manufacturer gives greater flexibility over product formulas;
- Since it is accredited, the Corporation is better placed to ensure production quality control;
- Possibility of producing smaller batches;
- Higher profit margins; and
- Nutrition bars can be used to boost sales of other products as part of comprehensive sales agreements.

The Corporation's preliminary estimate of its financial requirements for this project is \$2.7 million.

The Corporation is currently studying plans for a production line that:

- Can produce approximately 36 million 40g bars annually at 80% of annual production capacity; and
- Offers the possibility of producing a very extensive range of bars: extruded bars, cereal bars and multilayer bars.

#### *1) Principal markets and distribution methods*

The Corporation would offer flexible production batch sizes by flavour. The market is currently served mainly by manufacturers whose clients can meet the requirement of minimum production batches of between 125,000 and 250,000 units per flavour. Currently, only a few companies with well known brands or larger domestic retail chains with private labels can meet these requirements.

The Corporation has identified the equipment required to produce minimum batches of approximately 25,000 units per flavour and intends to offer clients a turnkey concept— bar production, packaging design, standards quality assurance for ingredients and labelling.

The Corporation will develop its own lines and solicit leading retailers such as Wal-Mart and Costco as well as companies with regional and national brands.

According to an article published by Health Strategy Consulting LLC, the U.S. nutrition bar market (including granola bars and cereal bars) was worth US\$2.4 billion in 2004 and, at that time, included more than 200 different brands. However, with most players in this market outsourcing their production, the nutrition bar production market (including all types of nutrition bars) was valued at US\$700 million in 2004.

## 2) *Development stages*

As of the date of this AIF, the Corporation has identified and estimated all the costs for installing a production line and has developed two recipes that must be tested on the production equipment.

Formulating several new nutrition bar recipes will require the Corporation to hire qualified personnel. The Corporation has already identified potential candidates for the project and is confident about signing development agreements with them.

### *Plant*

This project will also require the construction of a new 35,000-sq. ft. plant in the Greater Montréal area to:

- Adapt the overall production chain to the Corporation's Value-Added Production ("VAP") model. This should result in production gains and will enable the Corporation to enhance its competitive edge *vis-à-vis* its competitors;
- Allow the integration of all human resources related to the ProtiLife project; and
- Provide the flexibility required to rapidly expand production and storage capacity.

The Corporation plans to obtain financing for the building, lot, office equipment and furniture.

The Corporation also intends to obtain further financing (bank or other loans) for the acquisition of materials.

The plant location was chosen for the following reasons: proximity to the Greater Montréal area, low rent costs, availability of qualified manpower and easy access to the two Montréal international airports.

### *Ready-to-eat liquid products line*

The Corporation plans to install a production line in its new plant for ready-to-eat products in liquid form. This production line will be installed at earliest during the first quarter of 2008 and the products will be marketed in Canada and the U.S. at earliest during the second quarter of 2008.

### *Nutrition bar production line at the new plant*

The Corporation plans to integrate a nutrition bar production line into its new plant at earliest by the first quarter of 2008.

## 3) *The Corporation's main manufacturing competitors in North America*

The Corporation considers the following companies to be its main North American competitors:

### *Pharmalab (1982) Inc.*

This company is a subsidiary of Le Groupe M. Vachon inc., which specializes in manufacturing protein products in powder form only that are distributed solely under private labels.

*Nellson*

This U.S.-based company specializes in manufacturing nutrition products in powder form and bars. It markets its products exclusively under private label for large national nutrition product brands as well as for large chains seeking private label products. Fremont Partners, a California venture capital firm and the company's majority shareholder, owns a 260,000-sq. ft. plant that it acquired from Bariatrix in 2003 to produce bars.

4) *The Corporation's main manufacturing competitors in Europe*

In terms of product manufacturing, the Corporation's main European competitors are: Laboratoire NPC (distributors of Diet Line products) and Bariatrix Europe inc.

*Laboratoire NPC*

Laboratoire NPC specializes in developing and marketing high protein health foods for slimming and treating obesity as well as nutrition products for seniors and athletes. It is a public company listed on the Euronext Paris exchange since March 2000.

## **6. OPERATIONS**

The Corporation's currently favoured strategy is to offer complementary products and adapt existing formulas for different niche markets. One of the strategies that the Corporation intends to focus on in the future is to continue to seek growth via new horizontal and vertical partnerships and expand its markets in North America, Europe and subsequently, worldwide.

The marketing plan for the export market is twofold: on the one hand, maintain and expand market share in existing markets and, on the other, introduce the Corporation's product lines in countries where they were previously not available.

This development plan requires market studies, pilot projects, attendance at trade fairs as well as sound planning and organization of business with partners.

Before developing a new market, the Corporation's management focuses on the market's needs and identifies the strategy that best suits those specific needs. Ranaz management methodically researches and analyzes market information and consults with various players.

The next step is to find partners who can implement the marketing plans. Partners are offered the option of working together with the Corporation's own resources or of working independently as distributors, manufacturing agents or advertising agencies. The relationship between the Corporation and a distributor is similar to franchiser and franchisee— training, information, and technical and marketing support are compulsory. Jean Bourassa-Marineau, President and Chief Executive Officer, Martin Vidal, Executive Vice-President and Secretary, and Daniel Sawaya, Chief Strategy Officer, are directly involved in discussions and negotiations with the Corporation's strategic partners.

Management takes into account all factors aimed at increasing the Corporation's visibility. For example, original, high-quality packaging has been designed to make the Corporation's products stand out from those of its competitors.

To boost sales, the Corporation uses sophisticated marketing tools such as editorial advertising, telemarketing, regular news items in specialized magazines, an appealing Web site and promotional items. The Corporation also participates in various medical conferences and numerous trade fairs with a view to monitoring market trends and entering into sales agreements.

## **6.1 FACILITIES**

The Corporation's head office and operations are located at 500 Guindon Street in Saint-Eustache, Québec. The premises are occupied under a lease signed on September 1, 2005, between Pro-Amino and Gestion J.C. Lussier enr. and renewed on September 1, 2006, and July 17, 2007. The lease is granted for a total consideration of \$113,547.98, payable in equal, monthly and consecutive instalments of \$15,448.70. The lease will expire on March 31, 2008.

Currently covering an area of 34,000-sq. ft., the Saint-Eustache facilities house the manufacturing operations, warehouse and administrative offices. According to management, production capacity is currently around 60%.

## **6.2 SPECIALIZED SKILLS AND KNOWLEDGE**

To carry on its business and prepare product ingredients, the Corporation requires its personnel to have knowledge of product formulation and hold a bachelor's degree in food sciences and technology. The Corporation has had no difficulty recruiting personnel with these skills.

## **6.3 INGREDIENTS**

The various product lines are made using raw materials from Canada and other countries. These raw materials are generally purchased from suppliers that the Corporation has been doing business with for several years. Each supplier must meet high preset quality standards to ensure that products meet the Corporation's standards and provide full customer satisfaction. The principal raw materials used by the Corporation are milk proteins and hydrolyzed gelatin. See "Risk Factors – Risks Related to Our Business and the Industry – Dependence on Suppliers and Sales."

Since the raw materials used in the Corporation's operations are readily available, the Corporation always has the possibility of sourcing them from several different suppliers at attractive prices. Moreover, it is the Corporation's policy to have at least one or sometimes two alternative suppliers for certain raw materials.

Suppliers are selected on the basis of criteria such as product quality, timely delivery and price to ensure the Corporation maintains its competitive edge. Other product sources have been pre-approved to prevent any inventory shortages for the Corporation.

## **6.4 INTANGIBLE ASSETS**

The Corporation's segment intangible assets are primarily a synthesis of the Corporation's sophisticated knowledge of its market and its production process expertise. Although intellectual property is not the Corporation's main asset, the Protidiet brand plays an important role, particularly in the European market where it enjoys some recognition.

## **6.5 SEASONALITY**

The Corporation generates more than half of its annual sales during the first half of the calendar year. In fact, due to various sociological factors, the Corporation's peak sales period is between February and June.

## **6.6 EMPLOYEES**

As at March 31, 2007, the Corporation employed 49 persons in Canada as follows:

- 4 management team members,
- 12 administrative staff,
- 3 salespersons,
- 4 research and development specialists, and
- 26 production personnel.

The Corporation's employees are not covered by any collective bargaining agreement or represented by a trade union.

The production team is key to the Corporation's activities. Team members are responsible for strictly implementing the formulas developed by the research and development department. Each sub-team follows predetermined specific methods and procedures for their respective tasks, namely ingredient weighing, mixing, processing and packaging. All production stages are supervised by quality control personnel.

The inventory management team, which boasts a sophisticated computer system, uses data management tools to continuously update invoicing, accounts receivable and inventory. The Corporation makes sure that inventories are always maintained at optimal levels while complying with the goal of maximum customer satisfaction. Only ingredients related to repeat orders are kept in stock.

The order dispatching team is responsible for preparing orders and signing delivery slips. Since the Saint-Eustache location offers easy access to the Greater Montréal area, transportation costs are lower. Fierce competition among long-haul carriers also helps lower prices. Proximity to Montréal's international airports is an advantage for international shipments. Thanks to the Corporation's sound inventory management, special orders can be delivered in under two to three weeks, while competitors can take from six to eight weeks.

The Corporation's sales strategy is reviewed quarterly and is adaptable to (and adapted for) each market segment and territory.

The Corporation places special emphasis on training for its personnel. The compensation system includes incentives that have a direct impact on productivity. The Corporation's current status as an emerging company fosters creativity, resulting in team drive and initiative. New ideas are encouraged by management.

The research and development team is one of the Corporation's competitive advantages. The team designs the various products, improves existing products and assists in developing new products under the supervision of Dr. Farouk Radwan, Scientific Advisor. Dr. Radwan is also Assistant Clinical Professor at the Faculty of Medicine at *Université de Montréal*, a staff member of its nutrition department, responsible for the lipids laboratory in the Biochemistry Department of *Centre Hospitalier de l'Université de Montréal* ("CHUM") and a member of its specialized Nutrition Committee. In addition, Dr. Radwan teaches the metabolism of lipoproteins at the Department of Nutrition, *Université de Montréal*. All R&D team members have college or university training in a field relevant to the Corporation's activities.

## **6.7 TRENDS**

According to the latest global estimates of the World Health Organization ("WHO") for the year 2005:

- Around 1.6 billion adults (aged 15 and over) were overweight (Body Mass Index (BMI) >25<30);
- At least 400 million adults were obese; and
- At least 20 million children under five years of age were overweight.

According to WHO estimates, some 2.3 billion adults will be overweight and over 700 million adults will be obese by 2015.

Once considered problems specific to high-income countries, the incidence of overweight and obesity is increasing in a spectacular fashion in low- to middle-income countries, especially in urban areas.

## **7. RISK FACTORS**

Purchasing Ranaz securities involves a certain number of important risk factors. In addition to the risk factors mentioned elsewhere in this AIF, and prior to buying securities, prospective subscribers should consider the risks

below associated with Ranaz activities. Any or all of these risks, or any other as yet unidentified risks, could have a major negative effect on Ranaz, its financial position, operating results or security prices.

This AIF presents a brief overview of certain risk factors to consider with respect to Ranaz. This list may not be exhaustive because Ranaz pursues its activities in a fast-changing business environment and new risk factors emerge from time to time.

## **7.1 RISK RELATED TO FORWARD-LOOKING STATEMENTS**

Some of the statements in this AIF are forward-looking. From time to time, other written or verbal forward-looking statements were made or may be made in the future by or on behalf of Ranaz. Forward-looking statements do not refer to actual facts. They include financial projections and estimates and their underlying assumptions; statements concerning plans, objectives and expectations for future operations, products and investments; the impact of regulatory initiatives on Ranaz's operations; its current and new market share; the general growth rates in the industry and macroeconomic growth rates; the performance of Ranaz with respect to these rates and statements concerning its future performance.

Ranaz is exposed to significant risk and past performance does not constitute a guarantee of future performance. Ranaz cannot foresee all of the risk factors involved or their ultimate impact on its activities, nor the extent to which any factor or combination of factors could cause the actual results to differ materially from those predicted in any forward-looking statement.

Ranaz's business strategy might require additional financing, among others. There can be no assurance that funds will be available or that funds will be available on suitable terms. If Ranaz fails to raise the necessary funds, it will have to suspend or even end its development projects.

## **7.2 RISKS RELATED TO OUR BUSINESS AND THE INDUSTRY**

### *1) Inability to implement our business strategy*

The growth and expansion of Ranaz is heavily dependent upon the successful implementation of our business strategy. There can be no assurance that the Corporation will be successful in the implementation of its business strategy.

### *2) Dependence on key personnel*

The success of Ranaz largely depends on its experienced directors, officers and researchers. If Ranaz were to lose the services of any one of these key personnel, this could severely limit or delay the Corporation's ability to implement its business plan.

### *3) Labour relations*

While labour relations with the Corporation's employees have been stable to date, the maintenance of a productive and efficient labour environment cannot be assured.

### *4) Dependence on suppliers and sales*

The Corporation purchases the principal raw materials it needs to manufacture its products from third parties. In 2006, it made 45% (31% during the year ended December 31, 2005) of its purchases from a single supplier. The Corporation has maintained a good business relationship with this supplier for the past 13 years but cannot guarantee that this situation will last. The Corporation is also protected by an insurance policy in the event of a major disaster with this supplier. The Corporation's sales are mainly generated in Canada. Sales growth depends on the Corporation's capacity to increase exports.

1) *Sourcing of suitable distributors*

Revenue and earnings stability and growth are directly dependent on the effectiveness of the Corporation's advertising, marketing and promotional programs and of its distribution system. The Corporation currently sells its products through specialized obesity treatment centres in North America and pharmacies and parapharmacies in Europe. Its financial success is dependent on its ability to continue to secure effective distribution channels on favourable terms with suitable distributors. Its growth depends on the Corporation's capacity to broaden these distribution networks.

2) *Product liability*

The sale and use of the products developed solely by the Corporation or under collaborative arrangements carry the risk of legal proceedings based on product liability. The Corporation maintains liability insurance coverage in the aggregate amount of \$10 million for issues of safety as well as for errors and omissions. While it believes such insurance coverage to be adequate, there can be no assurance that future claims based on product liability will not exceed such amounts. The Corporation's obligation to pay indemnities or to withdraw a product following complaints could seriously affect its financial position as well as its future.

3) *Dependence on new product development*

Success will depend in part upon the Corporation's ability to offer new products that meet evolving customer requirements. There can be no assurance that the Corporation will be able to develop and bring to market new products in a timely manner nor can there be any assurance that there will be widespread customer acceptance or demand for products such as those it offers.

4) *Adverse publicity*

Adverse publicity associated with the Corporation's products or those of similar companies or concerning any actual or purported failure by the Corporation to comply with applicable laws and regulations could harm its financial condition and operating results. The results of the Corporation's operations may be significantly affected by the public's perception of the Corporation and similar companies. This perception is dependent upon opinions concerning: (i) the safety and quality of the Corporation's products or of similar products distributed by other companies; and (ii) the Corporation's distributors, manufacturers and customers.

Adverse publicity, whether accurate or not or resulting from customers' use or misuse of products, that associates consumption of the Corporation's products or any similar products with illness or other adverse effects, questions the benefits of the Corporation's or similar products or claims that any such products are ineffective, inappropriately labelled or have inaccurate instructions as to their use, could negatively impact the Corporation's reputation or the market demand for its products.

5) *Competitive market*

The health and nutrition industries are highly competitive. Overall, most of the Corporation's competitors in the health and nutrition industries are larger than it and might have greater financial and other resources. This could enable them to invest significant amounts of capital and other resources in their businesses, including expenditures for research and development. If one of the Corporation's current or future competitors develops innovative proprietary products, some of the Corporation's products could be rendered obsolete.

6) *Protection of intellectual property*

The success of the Corporation's products depends to a significant extent upon its intellectual property and its customer base. The Corporation's intellectual property is subject to the following risks: (i) while some of its intellectual property rights are protected by registered trademarks in certain jurisdictions in North America and Europe and in certain other countries in which it operates, the Corporation may not be successful in asserting these rights; (ii) much of the Corporation's proprietary knowledge is based on manufacturing procedures and

technological know-how, which do not afford the same level of protection as patents or other forms of registered intellectual property; (iii) the laws of certain foreign countries may not protect its intellectual property rights to the same extent as laws in North America and Europe.

7) *Regulation*

In both domestic and foreign markets, the formulation, manufacturing, packaging, labelling, handling, distribution, import, export, licensing, sale and storage of the Corporation's products are affected by a body of laws, governmental regulations, administrative determinations, including those by the Canada Food Inspection Agency, court decisions and similar constraints. Such laws, regulations and other constraints can exist at the federal, provincial or local levels in Canada and at all levels of government in foreign jurisdictions. There can be no assurance that the Corporation will be in compliance with all of these laws, regulations and other constraints. Failure by the Corporation to comply with these laws, regulations and other constraints or new laws, regulations or constraints could lead to the imposition of significant penalties or compensation and could negatively impact the Corporation's business. In addition, the adoption of new laws, regulations or other constraints or changes in the interpretation of such requirements might result in significant compliance costs or lead the Corporation to discontinue product sales and could have an adverse effect on the marketing of the Corporation's products, resulting in significant loss of sales.

8) *Foreign exchange rate fluctuation*

The value of the Corporation's investment in each operating subsidiary is partially a function of the currency exchange rate between the Canadian dollar and the applicable local currency. In general, the Corporation does not execute hedging transactions to reduce its exposure to foreign currency exchange rate risks. Accordingly, the Corporation may experience economic loss and a negative impact on earnings solely as a result of foreign exchange rate fluctuations, which include foreign currency devaluations against the Canadian dollar. The Corporation does not typically carry currency convertibility risk insurance.

9) *Organizational structure: potential for local law changes*

The Corporation holds interests in an operating subsidiary, which was incorporated in a foreign jurisdiction (Ireland). There can be no assurance that the laws or administrative practices relating to taxation, foreign exchange or otherwise in such jurisdiction will not change. Any such change could have a materially adverse effect on the Corporation's financial position and its ability to receive funds from these operating subsidiaries.

10) *Changing market conditions*

The obesity treatment segment is constantly evolving, and there can be no assurance that such changes will not affect the market for obesity treatment products. There can be no assurance that the Corporation will be able to enter into and/or sustain contractual or other marketing or distribution arrangements on a satisfactory commercial basis with its clients.

11) *Research and development*

A principal component of the Corporation's business strategy is to expand its product offering to better serve the needs of emerging markets. Accordingly, the Corporation's organic growth and long-term success is dependent on its ability to successfully develop and market new products. As a result, the Corporation is committed to significant research and development expenditures. However, there is no certainty that this investment in research and development will yield technically feasible or commercially viable products.

12) *International sales*

The Corporation's international sales operations expose it and its representatives and distributors to risks inherent to operating in foreign jurisdictions which could materially adversely affect its operations and financial position. These risks include:

- Country-specific taxation policies;
- Imposition of additional foreign governmental controls or regulations;
- Export license requirements;
- Changes in tariffs and other trade restrictions;
- Complexity of collecting receivables in a foreign jurisdiction.

13) *Disclosure controls and procedures*

The Chief Executive Officer and Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures for the Corporation. These disclosure controls and procedures have been designed to provide reasonable assurance that the material information relating to the Corporation was known to management during the period in which the annual filings are made. The Corporation's management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of the disclosure controls and procedures as at December 31, 2006. On the basis of this assessment, the Corporation's Chief Executive Officer and Chief Financial Officer were satisfied with the effectiveness as at December 31, 2006, in all material respects, of the Corporation's disclosure controls and procedures to ensure that material information relating to the Corporation and its subsidiaries was made known to them.

In the course of management's assessment of the design of disclosure controls and procedures, it was determined that increased supervision by management of the level of its controls and procedures should offset the lack of segregation of tasks, a situation attributable to the size of the Corporation. The Corporation intends to conduct a thorough evaluation of its internal control over financial reporting during fiscal 2007.

**7.3 RISKS RELATED TO THE SECURITIES**

1) *Volatility of common share prices*

The Corporation's common share prices are subject to change due to numerous factors beyond the Corporation's control, including reports of new information, changes in the Corporation's financial position, failure by the Corporation to achieve financial results in line with analysts' expectations, or announcements by the Corporation or any of its competitors concerning new products.

There can be no assurance that the market price of the Corporation's common shares will be protected from any such fluctuations in the future.

2) *Dilution*

Holder of the Corporation's securities will experience immediate dilution of their holdings if the Corporation proceeds with an offering. If outstanding common share options and other convertible securities are exercised, the holders of the Corporation's securities will experience additional dilution of their holdings.

3) *Future sales of common shares*

The market price of the Corporation's common shares could decline as a result of issuances by the Corporation or sales by its existing shareholders of common shares, or the perception that these sales could occur. In addition, sales of common shares by shareholders might also make it more difficult for the Corporation to sell securities at a time and price that it deems appropriate. All of the Corporation's common shares offered pursuant to its initial public offering or held in escrow at that time, when released, will be freely tradable on the Exchange, without restriction under securities legislation in provinces of Canada.

#### 4) *Dividends*

To date, the Corporation has declared and paid few dividends on its common shares. The Corporation currently intends to retain its future earnings, if any, to finance further research and business expansion. As a result, the return on an investment in the Corporation's common shares will depend upon any future appreciation in value of those shares. There can be no assurance that the common shares will appreciate or even maintain the price at which the shareholders purchased their shares. See "Dividend Policy."

### **8. DIVIDEND POLICY**

To date Ranaz has not paid any dividends and it intends to re-invest its future earnings to finance the growth of its business. Any future decision to pay cash dividends is left to the judgment of the Board of Directors and will depend on financial position, results of operation, capital requirements and such other factors as the Board of Directors deems relevant.

### **9. DESCRIPTION OF SHARE CAPITAL**

The Corporation's share capital is made up of an unlimited number of common shares with no par value and an unlimited number of Class A preferred shares.

#### **9.1 COMMON SHARES**

Each common share entitles its holder to one vote in all shareholder meetings of the Corporation. The common shareholders are entitled to dividends that are set and declared by the Board of Directors. In the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, the common shareholders are entitled to the remaining property of the Corporation.

#### **9.2 CLASS A PREFERRED SHARES**

The Class A preferred shares have the same features as the common shares (dividends and the remaining property in the event of the liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, will be payable to holders of Class A preferred shares *pari passu* with the holders of common shares), except that they do not carry any voting rights and will be convertible into common shares (i) to the extent that at least 20% of the outstanding common shares, once the conversion is complete, are held by "public shareholders" as defined in the policies of the Exchange; and (ii) at the time of a purchase, repurchase or exchange offer involving over 50% of the outstanding common shares.

### **10. MARKET FOR TRADING THE SECURITIES**

#### **10.1 PRICE AND VOLUME OF OPERATIONS**

The common shares of the Corporation are listed on the Exchange under the symbol "RNZ."

The following table provides the highs, lows and volume of transactions for each month since the common shares were listed on the Exchange. The information regarding the common shares of the Corporation is given in dollars per share.

Month	High	Low	Volume
January 2007 <sup>(1)</sup>	1.01	0.70	210,580
February 2007	2.22	1.05	646,657
March 2007	2.00	1.55	450,217
April 2007	1.71	1.30	316,691
May 2007	1.85	1.33	311,029
June 2007	1.80	1.40	233,933

Note:

- 1) The Corporation's common shares have been listed on the Exchange since December 29, 2006, but have only been trading since January 2007.

## 11. ESCROWED SECURITIES

During the Corporation's initial public offering, Fiducie Vanquish, Jean Bourrassa-Marineau, Alain Baribeau, Martin Vidal, FIER Ville-Marie, LP and Computershare Trust Company of Canada signed an escrow agreement dated December 29, 2006 (the "Escrow Agreement").

The following table shows, as at May 29, 2007 and by category, the number of securities held in escrow in accordance with the Escrow Agreement.

Category Designation	Number of Securities Held in Escrow	Percentage of Category
Common shares	18,619,199 <sup>(1)</sup>	60.02%

Note:

- 1) Under the terms of the Escrow Agreement, 1/6 of the escrowed common shares were released from escrow 6 months after December 29, 2006, 1/5 of the remaining common shares will be released 12 months after December 29, 2006, 1/4 of the remaining common shares will be released 18 months after December 29, 2006, 1/3 of the remaining common shares will be released 24 months after December 29, 2006, 1/2 of the remaining common shares will be released 30 months after December 29, 2006, and the remaining common shares will be released 36 months after December 29, 2006.

## 12. DIRECTORS AND OFFICERS

### 12.1 SENIOR OFFICERS

The following table lists the name, place of residence and principal function of each senior officer, along with the number of the Corporation's common shares of which each is the beneficial owner, directly or indirectly, or over which each had control or direction as at May 29, 2007.

Name and Municipality of Residence	Position	Number and Percentage of Common Shares Held
Jean Bourrassa-Marineau <sup>(1)</sup> Blainville, Québec	Chairman, President and Chief Executive Officer	-
Martin Vidal Blainville, Québec	Executive Vice-President and Secretary	3,018,300 / 9.73%
Alain Baribeau Blainville, Québec	Vice-President, Administration, and Chief Financial Officer	33,000 / 0.11%

Name and Municipality of Residence	Position	Number and Percentage of Common Shares Held
Daniel Sawaya Toronto, Ontario	Chief Strategy Officer and Advisor to the Chief Executive Officer	8,350 / 0.03%
Jean Beaudoin Lachenaie, Québec	Vice-President, Manufacturing Operations	20,000 / 0.06%
<b>Total</b>		<b>3,079,650 / 9.93%</b>

Note:

- 1) Jean Bourassa-Marineau is the sole beneficiary of Fiducie Vanquish, which holds 17,000,000 common shares.

The Corporation's management team is made up of five people: Jean Bourassa-Marineau, President and Chief Executive Officer, responsible for general management and research and development supervision, embodies the Corporation's vision; Martin Vidal, Executive Vice-President, responsible for strategic planning and business development; Alain Baribeau, Vice-President, Administration, and Chief Financial Officer; Daniel Sawaya, Chief Strategy Officer and Advisor to the Chief Executive Officer; and Jean Beaudoin, Vice-President, Manufacturing Operations.

The text that follows provides a biographical note on each member of senior management.

#### *Jean Bourassa-Marineau*

President and Chief Executive Officer, Jean Bourassa-Marineau manages the Corporation and implements its vision. He has worked for over fifteen years in the Corporation's industry sector. This has enabled him to develop both management expertise and drive. He is supported by the following four people:

#### *Martin Vidal*

With a degree in economics, Executive Vice-President and Secretary Martin Vidal co-founded Groupe Informatique DTM inc. (the company later known as Nexxlink Technologies Inc.), one of Canada's largest IT solutions integrators. He participated in Groupe Informatique DTM inc.'s initial public offering in 1993 and negotiated several strategic acquisitions before leaving the company in 1998 when it posted revenues of \$70 million and employed over 200 people. Mr. Vidal decided to join the Corporation because of its growing international potential and the dynamic vision of Jean Bourassa-Marineau. His experience in management and finance, along with his businesslike approach, are impressive resources for Ranaz. He has worked with Ranaz since August 2001.

#### *Alain Baribeau*

Vice-President, Administration, and Chief Financial Officer, Alain Baribeau holds a CMA diploma and has over twenty years' experience in managing strong growth companies. Of note, Mr. Baribeau spent more than thirteen years (up to May 2004) in Nexxlink Technologies Inc.'s senior management (now Bell Business Solutions Inc.), where he was Vice-President, Operations and Customer Service. Before joining the Corporation, he was a partner in ERA Canada, which specializes in the strategic analysis of operating and administrative expenses, nationally and on the world scene.

### *Daniel Sawaya*

Currently Chief Strategy Officer and Advisor to the Chief Executive Officer of Ranaz, Daniel Sawaya was Chief Marketing Officer and Vice-President, Retail Business/Supply Chain and Logistics with Canada Post Corporation from 1998 to 2003, and then Chairman of the Board of Directors of Progistix Solutions Inc. From 2003 to 2005, Mr. Sawaya was Managing Director and President of Cinram International and, since 2005, has worked as a consultant for various companies such as Pepsi-Cola Canada Ltd. and Proctor & Gamble. Mr. Sawaya completed the Advanced Management Executive Program from the Harvard Business School and holds a Bachelor's degree from the University of Ottawa.

### *Jean Beaudoin*

Vice-President, Manufacturing Operations and a professional engineer, Jean Beaudoin holds an engineering degree and a graduate degree in management. Mr. Beaudoin has over 20 years' experience in manufacturing. Before joining Ranaz in March 2007, he held positions within consulting companies such as Momentum conseil, GCO and Toptech Groupe Conseil. He has also held operational and manufacturing management positions within companies such as United Technologies.

## **12.2 DIRECTORS**

The following table lists the name, place of residence and principal function of each director, the years in which each became a member of the Board of Directors and the number of the Corporation's common shares of which each is the beneficial owner, directly or indirectly, or over which each has control or direction as at May 29, 2007. The directors of the Corporation are in office until the next annual meeting.

<b>Name and Municipality of Residence</b>	<b>Position Held Within the Corporation</b>	<b>Principal Function</b>	<b>Director Since</b>	<b>Number and Percentage of Common Shares Held</b>
Jean Bourassa-Marineau <sup>(1)</sup> Blainville, Québec	President, Secretary and Director	President and Chief Executive Officer Ranaz Corporation	October 17, 1991	-
Martin Vidal Blainville, Québec	Executive Vice- President and Director	Executive Vice-President Ranaz Corporation	April 26, 2006	3,018,300 / 9.73%
Daniel Sawaya Toronto, Ontario	Chief Strategy Officer and Advisor to the Chief Executive Officer and Director	Chief Strategy Officer and Advisor to the Chief Executive Officer, Ranaz Corporation	January 11, 2007	8,350 / 0.03%
Valier Boivin <sup>(2)(4)</sup> Mont-Royal, Québec	Director	Attorney Boivin Carrier, GP	April 26, 2006	191,196 / 0.62%
Pietro Perrino <sup>(2)</sup> Laval, Québec	Director	President Pergui Groupe Conseil Inc.	October 24, 2006	72,000 <sup>(5)</sup> / 0.23%
Louis Proulx <sup>(2)</sup> Laval, Québec	Director	President GPL Proulx Assurance inc.	October 24, 2006	25,000 / 0.08%
Jean-François Courville Toronto, Ontario	Director	President and Chief Executive Officer State Street Canada	May 29, 2007	68,000 / 0.22%
			<b>Total</b>	<b>3,382,846 / 10.90%<sup>(3)</sup></b>

Notes:

1) Jean Bourassa-Marineau is the sole beneficiary of Fiducie Vanquish, which holds 17,000,000 common shares.

- 2) Member of the Audit and Governance Committee.
- 3) The Corporation's senior managers and directors are, directly or indirectly, the beneficial owners of 3,435,846 common shares (11.08% of the common shares held), or exercised control or direction over them, as at May 29, 2007.
- 4) Valier Boivin is also a director of ZoomMed inc., a public company specializing in the electronic transmission of prescriptions, and of Les Systèmes BUS inc., a public company that operates an interactive, transactional Internet portal for the management, processing and monitoring of insurance claims. He has also been President of VMCAP inc., the limited partner of FIER Ville-Marie, LP, since December 2005.
- 5) Mr. Perrino also controls or exercises direction over 50,000 common shares via Pergui Groupe Conseil Inc.

The following are biographical notes on all directors who are not also senior officers.

#### *Valier Boivin*

Valier Boivin holds a bachelor's degree in Administration (UQÀC, 1973), a master's degree in Taxation (Université de Sherbrooke, 1978) and a bachelor's degree in Law (Université de Montréal, 1985). He has been a member of the Québec Bar since 1986 and of the *Ordre des comptables agréés du Québec* since 1974. He was a professor at UQÀC until 1978 and in the Faculty of Business Administration and in the Master's Program in Taxation of Université de Sherbrooke until 1987. A founder of law firm Boivin O'Neil, GP in December of 1987 and partner until December 2005, Mr. Boivin has been a partner in Boivin Carrier, GP (formerly Boivin O'Neil, GP) since January 2006. He has also been President of VMCAP inc., the limited partner of FIER Ville-Marie, LP, since January 2006. He maintains an active social commitment through various professional associations, not-for-profit organizations and charitable foundations.

#### *Pietro Perrino*

Pietro Perrino received his master's degree in Business Administration (MBA) from Université du Québec à Montréal in January 2001. In March 1999, he founded Pergui Groupe Conseil Inc. where he accompanies corporate managers in honing their strategic positioning and business development. Pergui Groupe Conseil's clients include businesses and organizations working primarily in the healthcare, energy, transportation, tourism, forestry, professional services and real estate management sectors. In 2005, he was one of the main promoters of a seed capital company, ZoomMed Inc. From that vantage point, he was successful in listing the company for trading; its shares have traded on the Exchange since August 8, 2006. Mr. Perrino is Chairman of the Board and a director of ZoomMed Inc. He serves on the Board of Directors of Maisonneuve-Rosemont hospital and is secretary of the hospital's finance and procurement committee. He is also a director of *Société des Alcools du Québec*. In January 2006, he set up the regional economic intervention fund FIER Ville-Marie, L.P., designed to assist businesses in obtaining financing in the start-up and development stages.

#### *Louis Proulx*

Louis Proulx is Chairman of the Board of Directors and shareholder of GPL Proulx Assurances Inc., a brokerage firm in Laval, Québec. Mr. Proulx is a past governor of the Insurance Brokers Association of Canada and has served as its Chairman of the Board in Toronto. Mr. Proulx holds a bachelor's degree in Business Administration, Marketing and Finance from HEC Montréal and is a Certified Insurance Broker. He was appointed to the Board of Directors of the Royal Canadian Mint on June 12, 2001.

#### *Jean-François Courville*

Jean-François Courville is Chief Executive Officer for State Street in Canada, responsible for the development and execution of strategies for asset management, investor services and global markets businesses. He also oversees client relationship management and regulatory matters. Previously, Jean-François Courville was Managing Director and Head of Account Development for State Street Global Markets in Boston. Jean-François Courville joined State Street in 1996 to establish a new currency sales and risk management operation in Montréal and subsequently moved to Toronto in 2000 to take over the general management of State Street Global Markets Canada. He previously held positions as a money market, currency and derivatives trader, as well as currency strategist with a major Canadian bank in Montréal and in London, England. Jean-François Courville holds a B.Com in Finance and

International Business from McGill University in Montréal, and holds a CFA designation. He is a member of the Board of Directors of Habitat for Humanity Toronto and is actively involved in other Canadian charitable organizations.

### **12.3 CEASE TRADE ORDERS AND BANKRUPTCIES**

Within the 10 years before the date of this AIF and while acting in that capacity, none of the Corporation's directors or executive officers

- i) was the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in that person being the subject of a cease trade or similar order or an order that denied the issuer access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- iii) or, within a year of ceasing to be a director or executive officer, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold that person's assets.

In addition, none of the directors or senior executives have, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

### **13. LEGAL MATTERS**

The Corporation currently has no material legal matters pending and does not foresee being party to any such legal matters.

### **14. MATERIAL INTERESTS IN MAJOR TRANSACTIONS**

No director, senior officer or other insider of Ranaz, or of an associate or affiliate of such persons, has had a material interest in any major transaction within the current or three last completed financial years.

### **15. AUDITORS, TRANSFER AGENT AND REGISTRAR**

The registrar and transfer agent of the common shares is Computershare Investor Services Inc., at its main offices in Montréal and Toronto.

### **16. MATERIAL CONTRACTS**

With the exception of agreements entered into in the normal course of business, the only agreements entered into during or prior to the last completed financial year and that are still in effect are the following:

- 1) The subscription agreement dated April 26, 2006 between the Corporation and FIER Ville-Marie, LP;
- 2) The warrant held by FIER Ville-Marie, LP for 1,428,571 common shares of the Corporation;
- 3) The agency agreement entered into on November 28, 2006 between the Corporation and Les Partenaires Versant inc.;
- 4) The Escrow Agreement;

5) The warrant indenture dated December 29, 2006.

**17. INTERESTS OF EXPERTS**

To the knowledge of Ranaz, during the year ended December 31, 2006 and the period up until the date of this AIF, the partners, employees and consultants of Raymond Chabot Grant Thornton LLP, Ranaz's external auditor, held less than 1% of Ranaz's common shares.

**18. ADDITIONAL INFORMATION**

Additional information relating to RANAZ may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

This additional information notably includes its directors' and officers' remuneration and indebtedness, the principal holders of Ranaz securities and securities authorized for issuance under equity compensation plans, if applicable, as well as information on the Audit Committee in Ranaz's Information Circular dated April 20, 2007.

Additional financial information is provided in Ranaz's financial statements and management's discussion and analysis for the year ended December 31, 2006.

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