



MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis ("MD&A") dated May 27, 2008, discusses the financial position and operating results of Ranaz Corporation ("Ranaz" or the "Company") for the quarters ended March 31, 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 May 27, 2008.

The unaudited interim consolidated financial statements for the quarter ended March 31, 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 March 31, 2008, the Company had 60 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, our 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. During the year, 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
3. Number of sales outlets

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

- Closing of the transaction to acquire all the common shares of BarTech Manufacturing, Inc., a manufacturer of nutritional bars
- A 49.7% increase in sales in the first quarter of 2008 compared to the same period in 2007
- Exercise of 1,428,571 warrants at \$0.35 for proceeds of \$500,000
- Creation of Galaxy Fitness, a wholly-owned American subsidiary specialized in the design and marketing of nutritional supplements for the sports world

Selected Consolidated Financial Information

<i>Three months ended March 31 (dollars)</i>	2008	2007
Sales	4,355,416	2,908,642
Gross profit	1,186,839	901,025
Net loss	(1,186,746)	(827,851)
Basic and diluted loss per share	(0.03)	(0.03)
Operating earnings	(977,133)	(702,089)
Basic and diluted operating earnings per share	(0.03)	(0.03)

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>Three months ended March 31 (thousands of dollars)</i>	2008	2007
Net loss	(1,187)	(828)
Stock-based compensation expense	101	68
Interest	18	10
Amortization of property, plant and equipment, intangible assets and deferred costs	91	48
Operating earnings	(977)	(702)

Comparison of Quarters ended March 31, 2008 and 2007

Acquisitions

On January 11, 2008, the Company acquired all the outstanding shares of BarTech Manufacturing, Inc., a manufacturer of nutritional bars based in Grand Rapids, Michigan. The acquisition of the company was accounted for using the acquisition method. The breakdown of the purchase price included in the financial statements is preliminary and is based on Company management's best estimates. Consideration consisted of the issuance of 738,673 common shares and 369,337 warrants. Each warrant entitles its holder to purchase one common share for \$1.30 up until January 10, 2010. The final breakdown of the purchase price should be completed once Company management has finished evaluating the assets.

Financings

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

In the first quarter of 2008, 69,002 warrants were also exercised for cash proceeds of \$41,401.

Galaxy Fitness signed an exclusive worldwide distribution agreement in the first quarter of 2008 with Europa Sports Products Inc.

Sales and Gross Margin

Sales for the first quarter of 2008 totalled \$4.4 million, up \$1.5 million or 49.7% from the same quarter of 2007. The increase was primarily due to the acquisition of BarTech and higher demand for our products in all our markets.

Management expects sales to increase in future periods due to the launch of new ProtiLife products in Canada and Protidiet products in Canada and the United States, the January 2008 acquisition of BarTech and its expansion, and the launch of Galaxy Fitness in February 2008.

Gross profit rose from \$0.9 million for the three-month period ended March 31, 2007 to \$1.2 million for the same period in 2008, and represented 31.0% and 27.3% of sales respectively for these quarters (gross margin). The decline in gross margin was primarily attributable to the acquisition of BarTech, which generated lower margins, partly offset by an increase in selling prices.

Operating Costs and Other Charges

Research expenses increased by \$73,446 or 125.9% to \$131,776 for the quarter ended March 31, 2008, from \$58,330 for the same quarter of 2007. This increase was mainly due to nutritional bar development work.

Selling and administrative expenses grew by 33.4% or \$520,782 to \$2.1 million for the quarter ended March 31, 2008, up from \$1.6 million in the first quarter of 2007. The increase was mainly attributable to the acquisition of BarTech, advertising and promotional costs related to the ProtiLife brand and the addition of management personnel based on future growth objectives. The increase was also attributable to higher selling expenses in Europe due to changes in packaging formats and the launch of new products.

The *stock-based compensation expense* amounted to \$101,083 in the first quarter of 2008 due to options granted in fiscal 2007, compared to an expense of \$68,115 for the same quarter of 2007.

Depreciation and amortization grew by \$43,585 to \$91,091 in the quarter ended March 31, 2008, compared to \$47,506 for the first quarter of 2007. The increase was primarily due to the BarTech acquisition and to property, plant and equipment purchases made in the first quarter of 2008 and the last half of 2007 to support sales growth.

The *translation gain* was \$50,132 for the quarter ended March 31, 2008, compared to a loss of \$3,238 for the same quarter of 2007. The change was mainly due to the depreciation of the Canadian dollar against foreign currencies in the first quarter of 2008 relative to the same quarter of 2007.

The net loss for the quarter ended March 31, 2008 amounted to \$1,186,746 or \$0.03 per share, compared to a net loss of \$827,851 or \$0.03 per share for the first quarter of 2007.

Consolidated Cash Flows

Operating Activities

Operating activities used cash flow of \$1,442,076 in the quarter ended March 31, 2008, compared to \$2,173,906 in the same three-month period of 2007.

In the first quarters of 2008 and 2007, the use of cash flow was attributable to changes in working capital items. The amount used in the three-month period ended March 31, 2008 was primarily attributable to an increase in inventories in the first quarter of 2008, offset by higher accounts payable and accrued liabilities. The increase in inventories was primarily aimed at meeting growing demand for our products.

Investing Activities

Our *investing activities* consisted mainly of the acquisition of a business and property, plant and equipment to manufacture the products sold.

In the quarter ended March 31, 2008, we used \$153,660 for the acquisition of property, plant and equipment to support our normal business activities and \$16,092 for the BarTech acquisition, and received \$397,390 in payments on advances made to BarTech.

Financing Activities

We repaid \$541,401 in long-term debt during the quarter ended March 31, 2008, and issued equity instruments for proceeds of \$500,000 when FIER Ville-Marie exercised its 1,428,571 warrants.

Sources of Financing and Balance Sheet

Consolidated Balance Sheet Data

<i>(dollars)</i>	March 31, 2008	December 31, 2007
Cash (bank overdraft)	(604,633)	583,019
Current assets	6,432,881	5,686,754
Working capital	2,803,843	3,921,949
Total assets	9,882,293	7,918,336
Current liabilities	3,629,038	1,864,805
Long-term debt (including current portion)	378,621	390,246
Total liabilities	3,881,360	2,138,292
Total shareholder's equity	6,000,933	5,780,044

Management believes that the Company's cash assets, the \$1,500,000 available under bank credit agreements and 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. Inventory levels will be reviewed once the distribution network is well established.

The Company is presently in discussions with its financial institution to finance certain capital expenditures for fiscal 2007. Furthermore, two other financing requests for a total of \$107,484 were made in 2008 under the agreement with Canada Economic Development.

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. The term loan was received in May 2008.

Changes in Long-Term Balance Sheet Items

The \$1,217,830 or 54.6% increase in long-term assets from December 31, 2007 to March 31, 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 \$153,660 in property, plant and equipment to support sales growth, less depreciation of \$65,119 for the first quarter of 2008; and
- Receipt of \$397,390 advanced to BarTech in the form of a note receivable.

Shareholders' equity rose by \$220,674 or 3.8% to \$6.0 million at March 31, 2008. The increase was due to \$1,320,204 added to capital stock in the first quarter of 2008, being the proceeds of share issuances pursuant to the exercise of warrants and the acquisition of BarTech during the quarter, and a \$101,083 addition to contributed surplus related to the stock-based compensation expense for the quarter. These factors were partially offset by the net loss of \$1,186,746 for the three-month period ended March 31, 2008, which was charged to the deficit during the quarter.

Capital Stock

	Authorized	Issued as at March 31, 2008	Issued as at May 27, 2008
Common shares	Unlimited	37,531,632	37,544,132
Warrants	7,122,686	5,444,437	5,444,437
Broker's 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.

(thousands of dollars)

	Q1-2008	Q4-2007	Q3-2007	Q2-2007
Sales	4,355	3,033	3,381	3,472
Gross profit	1,187	928	1,017	1,086
Net loss	(1,187)	(1,635)	(671)	(1,150)
Basic and diluted loss per share	(0.03)	(0.046)	(0.021)	(0.037)

(thousands of dollars)

	Q1-2007	Q4-2006	Q3-2006	Q2-2006
Sales	2,908	2,094	2,091	2,556
Gross profit	901	492	586	906
Net earnings (loss)	(828)	(342)	107	(75)
Basic and diluted earnings (loss) per share	(0.03)	(0.017)	0.005	(0.003)

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.