

NEW HORIZONS

CRUISE MANAGEMENT INTERNATIONAL AND CMI LEISURE MANAGEMENT

ISSUE 2

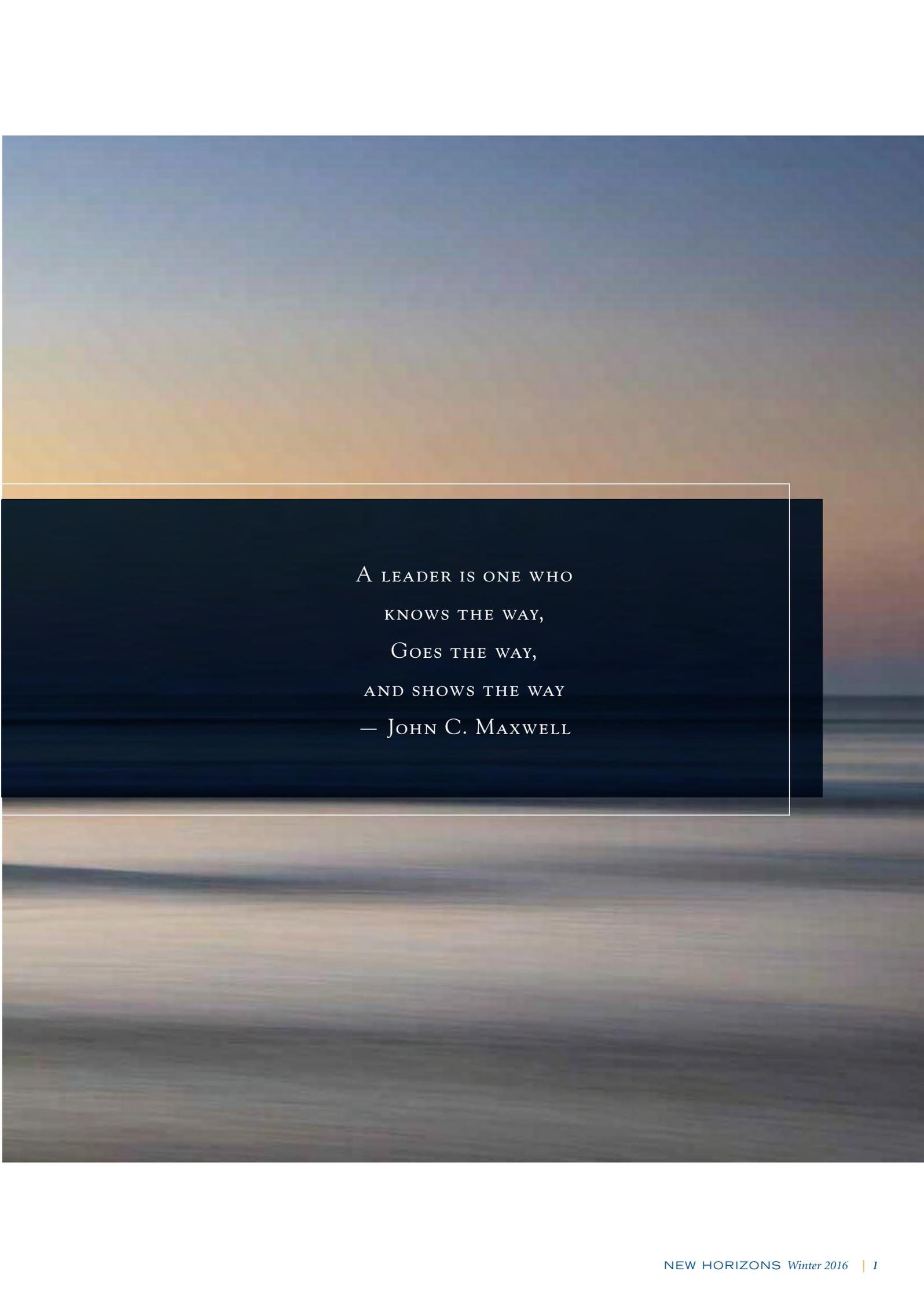


CRUISE
MANAGEMENT
INTERNATIONAL



LEISURE
MANAGEMENT





A LEADER IS ONE WHO
KNOWS THE WAY,
GOES THE WAY,
AND SHOWS THE WAY
— JOHN C. MAXWELL



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PRESIDENT'S MESSAGE

Dear Friends:

First of all I would like to thank all our Officers and Crew for the fantastic job done this year. With the owners and office staff by our side, we were able to get you the support needed to change the perception of our vessels. This would not have worked were it not for your hard work and commitment in keeping the vessels operating to the satisfaction of the Charterers. The FleetPro problems are now behind us and the future is looking great.

In 2017 we will continue to improve the vessels but depend on our crew to perform to their fullest so that the word gets out that our vessels are the best ships to charter. During my years at ISP, I always stated that our greatest assets as a company were our Officers and Crew, and now as President of CMI, Inc., I can say the same. I am proud of all of you.

During 2016, we took on two more vessels and now have 12 ships under our supervision. We have built up the shore-side organization and are now ready to take on more vessels. Growing will be good for all of us as that will create more opportunities for advancement especially on the vessels we operate.

2017 will be another busy year with major upgrades planned on SEA ADVENTURER, OCEAN DIAMOND and SEA SPIRIT, as well as drydocking planned for several vessels, while continuing to upgrade and improve all other vessels. The OCEAN ATLANTIC is scheduled to be converted into an expedition ship which will be a huge undertaking.

The continued support from our Owners show their confidence in all of us, and while 2016 ended up with a financial loss for CMI, Inc., 2017 looks bright with the vessels added late in 2016 and the Company no longer hampered by old FleetPro issues. We will continue to grow and improve until we again are known as the best in the business.

I am convinced that if we work together as a TEAM we will accomplish this in a very short time.

Kenneth Engstrom
PRESIDENT-CEO

POLAR CODE

UPDATE



As the winter months are approaching, what could be better than to pass the time curled up by the fire with a cup of hot cocoa or glogg, and read . . . the Polar Code.

With new operators starting to explore the polar regions, there has been a drive towards increasing the safety of vessel design and operations in polar waters. As such, the IMO had adopted the International Code for Ships Operating in Polar Waters (the Polar Code) and related amendments to make the Code mandatory under both the International Convention for the Safety of Life at Sea (SOLAS) and the International Convention for the Prevention of Pollution from Ships (MARPOL).

In summary, the Polar Code is intended to cover the full range of shipping-related matters relevant to navigation in waters surrounding the two poles – ship design, construction and equipment; operational and training concerns; search and rescue; and, equally important, the protection of the unique environment and eco-systems of the polar regions.

The Polar Code and SOLAS amendments were adopted during the 94th session of IMO's Maritime Safety Committee (MSC), in November 2014, and the environmental provisions and MARPOL amendments were adopted during the 68th session of the Marine Environment Protection Committee (MEPC) in May 2015. The Code enters into force on 1 January 2017. This marks a historic milestone in the IMO's work to protect ships and people aboard them, both seafarers and passengers, in the harsh environment of the waters surrounding the two poles. The safety part of the Code applies to new ships carrying SOLAS certificates with a keel lay date on or after 1 January 2017. The safety Part IA also applies to existing ships from their first intermediate or renewal survey (whichever comes first) on or after 1 January 2018. The environmental protection part of the Code (Part IIA) applies to all ships and offshore assets operating in polar waters from 1 January 2017.

Of the 12 vessel technically managed by Cruise Management International, (6) are involved in polar cruising. As you can imagine, CMI has been hard at work understanding the implications of the Code and preparing our "polar fleet" for compliance. In early September 2016, CMI's marine and technical operations department attended a full day's training program at BV's offices in Sunrise, FL, which covered all of the aspects of the Polar code, and we are well on our way with the development of our operational risk assessments and Polar Waters Operations Manuals (PWOM) for our managed fleet.

– Chris Dlugokecki, VP Quality administration



IMO DELEGATION VISITS OCEAN DIAMOND

On November 23rd, CMI was contacted by the Commander of the Chilean Maritime Security Station, Fildes Bay, informing that a delegation from the International Maritime Organizations' Public Information Services Department would be traveling to the Antarctic region to conduct interviews and produce an educational short film on the entry into force of the Polar Code. The CMI managed vessel OCEAN DIAMOND was cruising with passengers in the area at the time, and on November 28th Captain Oleg Klaptenko and crew welcomed the delegation onboard to experience polar cruise first hand, and to demonstrate their knowledge and expertise in polar navigation. As expected, Captain and crew performed exceptionally well, and received special commendations from Vice Admiral Schwarzenberg, Director General of the Maritime Territory and Merchant Marine,

Armada de Chile. It is with great pride that we can say that Captain Oleg and the crew of the OCEAN DIAMOND made a great contribution to the entire maritime community – their professionalism and support extended to the IMO and Chilean delegation, is a direct reflection of what CMI is as a company.



– Chris Dlugocki, VP Quality administration



M/V SEA SPIRIT

Cabin Refurbishment - Spring 2017

In April 2017, the SEA SPIRIT will arrive in Vigo, Spain where she will undergo a 21-day refurbishment, with all cabins being completely renovated and fitted with new bathrooms. The vessel has a total of 60 suites which will be renewed along with five public bathrooms. These 60 suites and bathrooms are the last areas of the vessel to be upgraded, which will conclude a nearly three-year vessel upgrading and refurbishment project, seeing all public spaces and cabins updated with a fresh look while maintaining the upscale nautical character of the vessel.

CMI, along with the owners and charterers of the vessel once again collaborated with Tillberg Design & Associates on the interior design upgrades.

The renovation contract was awarded to the Gettone Group of Estonia in the end of 2016. It is anticipated that the vessel will be re-delivered on 03 May 2017, renewed and ready to continue its long-term, year-round charter to Poseidon Expeditions.



M/V OCEAN DIAMOND

Cabin Refurbishment - Spring 2017

The OCEAN DIAMOND's cabin upgrade program began a little over two years back, with the complete refurbishment of 10 luxury suites on Deck 7, and then continuing down to renew 24 cabins and bathrooms on Deck 6 of the vessel. In the last edition of New Horizons, we detailed the Deck 6 upgrades from Spring 2016 and now, continuing with the upgrade project, the OCEAN DIAMOND will have 19 cabins on deck 5 completely renovated with all new furniture, soft furnishings and bathrooms. This refurbishing contract has been awarded to I.S. Makinen of Finland, who also carried out the refurbishment works on Deck 6 in 2016. The refurbishing will be performed prior to the vessel being delivered to Iceland Pro Travel for its summer charter.



M/V SEA ADVENTURER

Interior Refurbishment and Re-engining - Spring 2017

In Spring 2017, the SEA ADVENTURER will undergo a re-engining project and will have a complete interior upgrade carried out at Ulstein Verft AS, Norway. After the refurbishment period the vessel will be re-delivered on its long-term charter to Quark Expeditions.

During the second half of 2016 intense negotiations were ongoing with a number of shipyards for the major conversion and upgrading of the SEA ADVENTURER.

In the first half of 2016 contracts were signed with Rolls Royce for the supply of two main engines, four auxiliary engines, gear boxes, propellers, and control and automation systems. At the same time, negotiations with a number of shipyards were proceeding for the installation of the equipment, as well as major upgrades to the ship's interior; including the addition of nine suites, which involved the extension of the vessels superstructure both forward and aft of the vessel, upgrading of the presentation lounge, main dining room, and all passenger cabin bathrooms.

In October 2016, a contract was signed with Ulstein Verft of Norway for the entire conversion works including all shipyard works associated with the vessels sixth class renewal surveys, which is scheduled for April, May and June 2017. Following visits to the Ulstein facilities in Ulsteinvik, Norway, and numerous meetings with yard senior management at the SunStone/CMI Miami offices, we are now looking forward to working together with the Ulstein project team to ensure a successful refit project.

In connection with this major upgrade, SunStone Ships, Inc. has arranged a financing of the project through Stonegate Bank of Fort Lauderdale, Florida. In addition to the SEA ADVENTURER project, Ulstein Verft has been invited to bid on a number of other major conversion jobs being planned for the SunStone-managed fleet, and we are hoping that in the future our working relationship with Ulstein will be further expanded to our mutual benefit.



M/V SEA DISCOVERER

Interior Refurbishment - Spring 2017

The vessel was recently dry-docked at Oresund Drydocks AB in Landskrona, Sweden to carry out class related items, and is currently awaiting her next orders, laid-up in Helsingborg, Sweden.

The SEA DISCOVERER will be upgraded in the spring of 2017, to a level of appointment equivalent to her sister vessel VICTORY I.

Upgrades that are planned will include new outdoor furniture on the observation deck, new soft refurbishments to the interior public spaces and staterooms, including carpeting, mattresses, bedding, drapery, lighting, and upgrades to the cabin bathrooms.

Again, as with the OCEAN ATLANTIC, the contractor specifications for the SEA DISCOVERER refit were put out to bid just prior to the close of 2016 – and it is expected that bid proposals will be received and reviewed by the end of January 2017, with contract award soon to follow.

Following the interior refurbishments, the vessel will be ready for her next deployment, likely joining her sister ship.



M/V OCEAN ATLANTIC

Expedition ship project - Spring 2017

The OCEAN ATLANTIC is currently laid-up in Helsingborg, Sweden and during the first half of 2017, will undergo major upgrading and refurbishment works to prepare her to start trading as a “proper” expedition cruise ship.

The planned upgrades will include the refurbishment of all passenger cabins, public spaces, and galley areas, including the creation of an indoor / outdoor café area aft, refurbishment of the existing dining room and presentation lounge, gymnasium, upper deck lounge and coffee bar / library area. In addition, in order to incorporate zodiac operations in the vessels operational profile, the vessel will be outfitted with 20 new Zodiac MK-5’s, storage racks and cranes for Zodiac launchings, as well as two new side doors / embarkation ramps to facilitate Zodiac boarding operations.

A new Mud Room, complete with storage lockers, benches and changing areas, will also be built in way of the existing car deck. At the time of this printing, quotations to carry out the supply and installation of all items associated with this expedition vessel upgrade project are being solicited. Rendered photos (see inset) of select areas have been developed in order to have our upcoming charterers brand the new product for the expedition market.

Following this extensive upgrading, the OCEAN ATLANTIC will go on a long-term charter to Albatros Travel, Copenhagen.



M/V Ocean Atlantic



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Quality in a service or product is not what you put into it, it's what the customer gets out of it.

– Peter Drucker



PRESIDENT'S MESSAGE

AS 2016 COMES TO AN END, WE WELCOME THE NEW YEAR WITH GREAT EXPECTATIONS.

As we continue to move forward into the new year, let's briefly look back at the last few months of 2016.

On December 9th, we had our office Holiday Party. This exceptional annual event is an opportunity to celebrate and thank every client, supplier, partner and our employees here at our corporate office. It was another fun and well attended event; a special thank you to everyone who helped with the organization, especially our editor, Charmaine Morris, whose direction was invaluable. Please look at some of the pictures from the event, as well as from our ships.

Generally, it has been a good year. Our strategic goal of establishing and stabilizing a new company went very well, considering all the challenges we inherited from our predecessors. For our first year, we pulled through. As with anything in life, there are peaks and valleys, and we must push through challenging times together, a natural ebb and flow in a company's life cycle.

A FEW HIGHLIGHTS:

We are pleased to share that our guest satisfaction ratings were all above our set targets with the start-up of Victory Cruises and the summer seasons of Ocean Diamond and Ocean Endeavour. Our hospitality and service ratings have been excellent through-out the fleet. As we know from the latest consumer research, service and experience ratings are critically important in evaluating the guest experience. They expect to be treated like Kings and Queens, which of course we love to do! Service is, and always will be a huge differentiator in our business. It is one of the pillars of strength for our company, translating into added value for our clients.

Delivering consistently excellent service will always be our highest priority. We have done a great job in this regard and I am very happy to say that all of our employees are carrying our "Hospitality Basics" and service philosophy to the next level, creating a fantastic "Service Culture." This also provides us with a competitive edge for the future.

Teamwork is of paramount importance; there is always someone who serves someone in the service equation and chain. The high guest satisfaction scores are also a reflection of the dedication and hard work of our onboard leadership and crew. Congratulations and thank you. Keep up the fine work.

2017 is starting a bit slow, as we operate our two Antarctica vessels, however, March will begin the preparation for the summer season in the Arctic and Great Lakes, and we will be ramping up from two to six ships again. During the summer season and beyond we are planning to operate up to six ships and look forward to welcoming the M/V Ocean Atlantic for her first Antarctica season. Once we have those ships in operation, we will be able to stagger all of our vacation schedules in a more fluid way, which will be good news for all of us.

As the pace picks up in 2017, we will need to focus again on our best practices and Key Performance Indicators to make it a very good year for all of us. Our goal is to operate eight ships by the end of the year, if everything goes per plan.

We are adding an exciting new itinerary, Cuba, with new client, Victory Cruise Lines. Cuba is a very hot new destination for the cruise industry and our US guests. We are all very enthusiastic to finally visit Cuba, our neighboring island to the south.

For the hotel department, we will focus on integrating the regional culture in our menus and beverage offerings, creating an excellent people to people exchange onboard the ship. Donald and Peter have begun working on the menus and have come up with some exciting new dishes.

We welcome a new section in this edition featuring Corporate Executive Chef Peter Hoffer's special dishes and recipes from our "off the beaten path" destinations. We begin with a focus on Argentina and a dish one can easily duplicate at home. In the editions that follow he will take you on a gastronomical adventure as he melds the culture and the destination to showcase their cuisine.

I would like to take this opportunity to wish you all a Happy, Healthy and Prosperous 2017. The new year should have lots of wonderful things in store for us, and should be another breakthrough year.

Again, thank you for all your dedication and hard work. Let's make our second year a year to be remembered.

A handwritten signature in black ink, appearing to read 'Dietmar Wertanzl'.

Dietmar Wertanzl, President CMIL

CMIL TEAM



Front Row/L-R: Purchasing Agent, Jorge Rodriguez; Purchasing Manager, Elenita Delgado; HR Director, Anne Tompkins

Back Row/L-R: HR Assistant, Andrea Wybranski; VP of Finance, Shahbaz Kazi; VP of Hotel Ops, Donald Cameron; President, Dietmar Wertanzl; Purchasing Agent, Luis Guerra; Accounting Assistant, Danyer Perez; Hotel Administrator, Denise Toutoute



MLC CERTIFICATION ACHIEVED.
L-R: Dietmar Wertanzl, Anne Tompkins and Riccardo Belfiore-BV

NEW
INITIATIVES
ROLLED OUT
2016



2016 was an exciting year with several new initiatives rolled out onboard our ships. The first initiative was the Gerard Bertrand wine program where we introduced Organic & Biodynamic wines to our list. Gérard Bertrand is a leading expert from the South of France recognized by all wine lovers.

We are proud to offer a Malbec and Sauvignon Blanc which each have their own label that includes the ship name and continent they are sailing.

This was followed by the introduction of Bering Watches onboard the Sea Spirit. Bering is a Danish watch brand that takes its inspiration from the beauty of the Arctic.

Last but not least was the launch of our own private label wines.



Photo Op



Zegrahm's Crew in Greenland



Zegrahm's Crew dumpling making



CHEF'S CORNER with PETER HOFLER

Argentinian Costillas de Cerdo a la Parilla

Ingredients:

3 lbs. Pork Ribs

For the Marinade:

- 4 pc. Garlic Cloves peeled and coarsely chopped
- 0.5 oz. Cumin Seeds
- 0.5 oz. Paprika Powder
- 0.3 oz. Oregano Leaves fresh or dry
- 0.5 oz. Chipotle powder
- 5 pc. Green Onions coarsely chopped
- 2 oz. Molasses or if not available use brown Sugar
- 2 oz. Aji Pance (Chili Pepper Paste)
- 4 oz. Orange Juice
- 4 oz. Vegetable Oil
- 2 oz. Red Wine Vinegar
- 1 oz. Black Pepper
- Salt to Season Ribs before they go on the Grill

Method:

1. Prepare the ribs, by removing the membrane on the inside of the rack and set aside.
2. Place all the ingredients for the marinade in a blender or food processor and press pulse so to get a coarse substance not a smooth paste.
3. Place the ribs in a shallow dish and pour the marinade over it, rubbing it in on both sides.
4. Cover with plastic and refrigerate overnight.
5. Next day preheat an oven to 250° F.
6. Place ribs on a large piece of aluminum foil which lays on a sheet pan and pour the marinade over it.
7. Close the foil making sure it is well sealed.
8. Place in the oven for approximately 3 hours.
9. Remove from the oven after the 3 hours, reserving the marinade.
10. You can use a charcoal grill if available, if not turn your oven to 350° F.
11. Season the cooked ribs lightly with salt and brush the reserved marinade on it.
12. Place ribs in the oven and continue basting from time to time with the marinade for about 30-40 minutes to get a nice medium amber color.
13. Serve with chimichurri sauce, (recipe follows)

Chimichurri Recipe:

Ingredients:

- 6 pc. Garlic
- 3 oz. Red Onion
- 2 bunch Flat Leave Parsley
- 4-5 Sprigs fresh Oregano
- 2 bunch Cilantro
- 4 oz. Olive Oil
- 2 oz. Red Wine Vinegar
- 1 pc. Lime Juice only
- 1 pinch Red Pepper Flakes
- Salt to taste



1. Take the garlic, red onion, parsley, oregano and cilantro and chop as fine as possible. You can use a food processor if available and pulse a couple of times. You don't want the herbs to become a paste.
2. Transfer the mixture to a bowl and add the olive oil, vinegar and lime juice and mix well.
3. Season with Salt and add the Pepper flakes



FEATURED HOTEL MANAGER

OLIVER VELASCO SEVILLA

M/V SEA ADVENTURER

JUNE 11, 1970

Oliver was born in Manila, Philippines, eldest of 3 children (2 boys and girl) of a Truck Driver in Manila and later on a cross country driver based in Jeddah, Saudi Arabia and a plain housewife. His father's new family moved to a town south of Manila educated all his children in a Catholic School from primary up to secondary school. Dreamed of one day to become a pilot, he took up an Aeronautics course in college and after graduating in 1989 trained briefly with the national carrier as Trainee Aircraft Mechanic, but the lure of having to work abroad like his father he decided to embark on a life changing career that he will enjoy up to this time.

In 1990, he took up Basic Seaman's Course learning the different aspects of seamanship and hotel operations (cooking, housekeeping and bartending). After finishing the course late in 1990 he applied for a job on many ship manning agencies in Manila. With no other credentials and not knowing what kind of job he will land, but most likely as a sailor (deckhand), lady luck was on his side and got a call from one of the leading manning agencies in Manila.

In 1991 he was hired to work as a GP (General Purpose)/Utility onboard a MTS Jason, a Greek vessel from Piraeus, Greece (Epirotiki). His first job is a Bar Utility, tending, cleaning and assisting the Greek bartender and slowly learned how to mix drinks and develop his personality by talking to a multitude of international guests. He spent a total of 6 months on board and went home after his contract expires. He was lined up as a Bar Waiter for the next summer to the other operated vessels of the company, but due to a strong Greek union it did not materialize and was stuck at home for 7 months. Once again lady luck winked on him and was hired as a Bar Boy for 2 months and promoted as a Bartender on board the MS Crown Jewel (ex. Gemini) of Effjohn International /Crown Cruise Lines in 1992, a newly built vessel from Valencia, Spain and to be used as an accommodation vessel for some US Olympians and a very notable person - OJ Simpson during the 1992 Olympics in Barcelona.

In 1993 he joined the sister vessel of MS CROWN JEWEL, the MS CUNARD CROWN DYNASTY and this time it carries Cunard colors and mostly British Guests. In 1994 he returned to the MS CROWN JEWEL for an 11 month contract and subsequently hired by Star Cruise as Bar Supervisor when the latter was sold and renamed as the MS SUPERSTAR GEMINI. He remained on board for another 10 months making this his longest stint ever for a total of 21 months. In 1996 he joined New Commodore Cruise Line as Bartender and later on he was promoted to Asst. Bar Manager and Bar Manager until the company's demise in 2000. In the summer of 2001 he landed a job as Asst. Bar Manager on board the MS Seawing of Airtours/Louise Cruise Lines until December 2002. He took a 2 year hiatus from ships, but the lure of the seas was very strong and was called to join the MV Island Sun (renamed MV SEA EXPLORER) as Head Barkeeper of then ISP Leisure (now CMI Leisure) in western Australia sailing from Perth, but after almost 3 weeks of operation the vessel ceased operation due to the failure of the charterer to pay the owners and was transferred to the MV ISLAND SKY in Mauritius and remained there until 2007 where he served as Head Barkeeper, Hotel Controller and Chief Purser. He later joined the MV CLIPPER PACIFIC (ex RCCL



SONG OF NORWAY) as Chief Purser under the charter of Japan Grace/Peace Boat with Japanese Passengers. After his stint on the MV CLIPPER PACIFIC he joined the MV CLIPPER ADVENTURER (now MV SEA ADVENTURER) as Chief Purser until early 2011. In the summer of 2011 he was called to join the MV AKADEMIK SERGEY VAVILOV, a Russian research vessel under the charter of Quark as Hotel Manager along with 7 ISP crewmembers to provide catering and bar operations on board. The vessel was run by all Russian Crew. He ran the Restaurant operations with Russian Waiters/Waitress and Housekeeping with Russian Cabin Stewardess. After breakfast was served he mans the Reception and does all the accounting work and during lunch and dinner times he serves drinks and wines to guests and again back to reception for any queries and more accounting works. He remained there until 2012 and later on joined the MV CLIPPER ODYSSEY with Zegrahm Expedition in the Far East as Chief Purser until 2013 and once again re-joined the MV SEA EXPLORER (ex. MV ISLAND SUN) with Albatros Travel as Chief Purser in the Arctic. After the Arctic season he was offered Hotel Manager's position on the MV SEA SPIRIT where he served from 2013 until March of 2015 doing Arctic and Antarctic operations with Quark Expeditions. In the summer of 2015 he was sent to MV OCEAN ENDEAVOUR as Hotel Manager for Adventure Canada for the Arctic Season. He later re-joined the MV CLIPPER ADVENTURER as Hotel Manager from the 2015 Antarctic Season to this date.

Over the years Oliver has risen from the ranks to highest position of the hotel operations, but he kept his feet on the ground, always finding time to talk to everyone in his department and gained respect of all his co-workers as well as the Deck and Engine Department. He is well respected in his profession as a Multi-Tasking Individual, upstanding, hardworking who can be counted on to "get the job done". He also put himself in the heart of the operations from making omelets, toasting breads, giving suggestions to the Chefs and serving drinks in the bar and many other things that his assistance is wanted, but still finds time to involve himself in a friendly conversation with guests. He also has good working relationships with many Charterer/Expedition Staff and always flexible to cater to their needs and operations.

Being one of the few remaining ISP Leisure crew of 2004, he is very thankful for the trust and support that the CMI Leisure corporate office is giving him and he looks forward to spending more years with CMI Leisure and continue the good work that he has shown and accomplishments all these years to any vessel he will be assigned to and to all crew that he will be working with in the future.