

Edgar Filing: DERMA SCIENCES INC - Form SC 13D/A

DERMA SCIENCES INC  
Form SC 13D/A  
May 27, 2003

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON D.C. 20549

AMENDMENT NO. 7 TO  
SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

DERMA SCIENCES, INC.  
-----  
(Name of Issuer)

COMMON STOCK, \$.01 PAR VALUE PER SHARE  
-----  
(Title of Class of Securities)

249827106  
-----  
(CUSIP Number)

Bruce F. Wesson  
Senior Managing Member  
Claudius, L.L.C.  
610 Fifth Avenue, 5th Floor  
New York, NY 10020  
(212) 218-4990

-----  
(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications)

MAY 16, 2003

-----  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this Schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box | |.

Note: Schedules filed in paper format shall include a signed original and five copies with the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended (the "Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all provisions of the Act (however, see the Notes).

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Page 2 of 9 of the initial Schedule 13D pertaining to the Common Shares of Derma Sciences, Inc., a Pennsylvania corporation, filed with the Securities and Exchange Commission ("SEC") on February 6, 1998 for an event on January 23, 1998 and subsequently amended on September 18, 1998 by Amendment No. 1 and on August 24, 1999 by Amendment No.2, and on January 10, 2000 by Amendment No. 3 and on August 7, 2000 by Amendment No. 4, and on March 19, 2001 by Amendment No. 5, and on March 16, 2002 by Amendment No. 6, is hereby further amended to read in its entirety as follows:

SCHEDULE 13D

-----  
 CUSIP NO. 249827106 PAGE 2 OF 9 PAGES  
 -----

-----  
 1 NAME OF REPORTING PERSON  
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
  
 Galen Partners III, L.P.  
 -----

-----  
 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) | |  
 (b) |X|  
 -----

-----  
 3 SEC USE ONLY  
 -----

-----  
 4 SOURCE OF FUNDS  
  
 WC  
 -----

-----  
 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
 ITEMS 2(d) OR 2(E) | |  
 -----

-----  
 6 CITIZENSHIP OR PLACE OF ORGANIZATION  
  
 Delaware  
 -----

-----  
 NUMBER OF 7 SOLE VOTING POWER  
  
 SHARES 4,702,920 (see Item 5(a))  
 -----

-----  
 BENEFICIALLY 8 SHARED VOTING POWER  
  
 OWNED BY 0  
 -----

-----  
 EACH 9 SOLE DISPOSITIVE POWER  
  
 REPORTING 4,702,920  
 -----

-----  
 PERSON WITH 10 SHARED DISPOSITIVE POWER  
  
 0  
 -----

-----  
 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 -----

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4,702,920

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES | |

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

45.67%

14 TYPE OF REPORTING PERSON

PN

2

Page 3 of 9 of the Schedule 13D, as amended, is hereby further amended to read in its entirety as follows:

SCHEDULE 13D

CUSIP NO. 249827106 PAGE 3 OF 9 PAGES

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Galen Partners International III, L.P.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) | |  
(b) |X|

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(E) | |

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER  
NUMBER OF 426,043 (see Item 5(a))  
SHARES

8 SHARED VOTING POWER  
BENEFICIALLY

0

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OWNED BY -----  
 9 SOLE DISPOSITIVE POWER  
 EACH  
 426,043  
 REPORTING -----  
 10 SHARED DISPOSITIVE POWER  
 PERSON WITH  
 0  
 -----  
 11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 426,043  
 -----  
 12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES | |  
 -----  
 13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
 4.14%  
 -----  
 14 TYPE OF REPORTING PERSON  
 PN  
 -----

3

Page 4 of 9 of the Schedule 13D, as amended, is hereby further amended to read in its entirety as follows:

SCHEDULE 13D

-----  
 CUSIP NO. 249827106 PAGE 4 OF 9 PAGES  
 -----  
 -----  
 1 NAME OF REPORTING PERSON  
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
 Galen Employee Fund III, L.P.  
 -----  
 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) | |  
 (b) |X|  
 -----  
 3 SEC USE ONLY  
 -----  
 4 SOURCE OF FUNDS  
 WC  
 -----  
 5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
 ITEMS 2 (d) OR 2 (E) | |  
 -----  
 6 CITIZENSHIP OR PLACE OF ORGANIZATION

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Delaware

NUMBER OF	7	SOLE VOTING POWER	
SHARES			19,277 (see Item 5(a))
BENEFICIALLY	8	SHARED VOTING POWER	
OWNED BY			0
EACH	9	SOLE DISPOSITIVE POWER	
REPORTING			19,277
PERSON WITH	10	SHARED DISPOSITIVE POWER	
			0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
	19,277		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)		
	0.18%		
14	TYPE OF REPORTING PERSON		
	PN		

4

Page 5 of 9 of the Schedule 13D, as amended, is hereby further amended to read in its entirety as follows:

SCHEDULE 13D

CUSIP NO.	249827106	PAGE	5	OF	9	PAGES
1	NAME OF REPORTING PERSON					
	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON					
	William R. Grant					
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP					(a)
						(b)  X
3	SEC USE ONLY					

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4	SOURCE OF FUNDS	
	PF	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(E)	
6	CITIZENSHIP OR PLACE OF ORGANIZATION	
	7	SOLE VOTING POWER
NUMBER OF		574,500 (see Item 5(a))
SHARES	8	SHARED VOTING POWER
BENEFICIALLY		0
OWNED BY	9	SOLE DISPOSITIVE POWER
EACH		574,500
REPORTING	10	SHARED DISPOSITIVE POWER
PERSON WITH		0
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	574,500
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)	5.57%
14	TYPE OF REPORTING PERSON	IN

5

The first paragraph of Item 1 of the Schedule 13D is hereby amended to read in its entirety as follows:

"This statement covers a total of 5,722,740 fully diluted shares of Common Stock, \$.01 par value per share (the "Common Stock"), of Derma Sciences, Inc., a Pennsylvania corporation (the "Issuer"). The Reporting Persons (as defined in Item 2 hereof) as of the date hereof hold an aggregate of (i) 1,631,500 shares of Common Stock, (ii) 543,267 shares of Series B Convertible Preferred Stock, \$.01 par value per share, of the Issuer (the "Series B Preferred Shares"), which as of the date hereof are convertible into an aggregate of 543,267 shares of Common Stock, (iii) 617,184 shares of Series C Convertible Preferred Stock, \$.01 par value per share, of the Issuer (the "Series C Preferred Shares"), which as of the date hereof are convertible into

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an aggregate of 617,184 shares of Common Stock, (iv) 1,071,345 shares of Series D Convertible Preferred Stock, \$.01 par value per share, of the Issuer (the "Series D Preferred Shares"), which as of the date hereof are convertible into an aggregate of 1,071,345 shares of Common Stock, and (v) 1,859,444 warrants (the "Warrants"), which as of the date hereof may be exercised for an aggregate of 1,859,444 shares of Common Stock. The Common Stock, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Warrants are referred to herein, collectively, as the "Securities".

A new paragraph is hereby added immediately following the second paragraph of Item 3 of the Initial Schedule 13D; such new paragraph to read in its entirety as follows:

"The Reporting Persons acquired an aggregate of 1,574,500 shares of Common Stock in private transactions with the Issuer at a purchase price of \$0.50 per share for an aggregate amount of \$787,250 in cash. Each Reporting Person paid its pro rata share of the acquisition price of the shares of Common Stock based upon the number of shares it received."

6

Item 5, subpart (a) of the Initial Schedule 13D is hereby amended to read in its entirety as follows:

(a) Each Reporting Person owns or has the right to acquire the number of securities shown opposite its name:

(1)	(2)	(3)	(4)	(5)	(6)
Reporting Person	Number of Shares of Common Stock	Number of Shares of Common Stock into which Series A, Series B, Series C and Series D Preferred Stock is Convertible	Number of Shares of Common Stock which may be acquired pursuant to exercise of Warrants	Total of Columns (2), (3) and (4)	Percentage Outstanding Shares of Common Stock (see Note below)
Galen	965,330	2,038,869	1,698,721	4,702,920	45.67%
Galen Intl	87,702	184,577	153,764	426,043	4.14%
GEF	3,968	8,350	6,959	19,277	0.18%
Grant	574,500	0	0	574,500	5.57%
Total	1,631,500	2,231,796	1,859,444	5,722,740	55.57%

SIGNATURE

-----

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in the statement is true, complete and correct.

Date: May 27, 2003

GALEN PARTNERS III, L.P.

By: Claudius, L.L.C.

By:

-----

Managing Member

GALEN PARTNERS

INTERNATIONAL III, L.P.

By: Claudius, L.L.C.

By:

-----

Managing Member

GALEN EMPLOYEE FUND III, L.P.

By: Wesson Enterprises, Inc

By:

-----

President

[Signatures continued on next page.]

CLAUDIUS, L.L.C.

By:

-----

Managing Member



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WESSON ENTERPRISES, INC.

By:

-----  
President

WILLIAM R. GRANT

By:

-----  
Bruce F. Wesson,  
Attorney-In-Fact

BRUCE F. WESSON

-----  
Bruce F. Wesson

L. JOHN WILKERSON

By:

-----  
Bruce F. Wesson,  
Attorney-In-Fact

DAVID JAHNS

By:

-----  
Bruce F. Wesson,  
Attorney-In-Fact

SRINI CONJEEVARAM

By:

-----  
Bruce F. Wesson,  
Attorney-In-Fact

ZUBEEN SHROFF

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By:

-----  
Bruce F. Wesson,  
Attorney-In-Fact