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DERMA SCIENCES INC
Form SC 13D/A
June 23, 2003

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

AMENDMENT NO. 8 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)

JUNE 13, 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, and on May 16, 2003 by Amendment No. 7, 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

7 SOLE VOTING POWER
NUMBER OF 4,890,201 (see Item 5(a))
SHARES

8 SHARED VOTING POWER
BENEFICIALLY OWNED BY 0

9 SOLE DISPOSITIVE POWER
EACH 4,890,201
REPORTING

10 SHARED DISPOSITIVE POWER
PERSON WITH 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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4,890,201

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
46.56%

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)

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
SHARES 442,995 (see Item 5(a))

8 SHARED VOTING POWER
0

9 SOLE DISPOSITIVE POWER
EACH 442,995

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

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
442,995

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
4.21%

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) | |

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 -----
20,044 (see Item 5(a))
SHARES -----

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8 SHARED VOTING POWER
BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 0

9 SOLE DISPOSITIVE POWER
20,044

10 SHARED DISPOSITIVE POWER
0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
20,044

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.19%

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)

3 SEC USE ONLY

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

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| | | | |
|--------------|---|--------------------------|--------------------------|
| NUMBER OF | 7 | SOLE VOTING POWER | |
| SHARES | | 574,500 (see Item 5(a)) | |
| BENEFICIALLY | 8 | SHARED VOTING POWER | |
| OWNED BY | | 0 | |
| EACH | 9 | SOLE DISPOSITIVE POWER | |
| REPORTING | | 574,500 | |
| PERSON WITH | 10 | SHARED DISPOSITIVE POWER | |
| | | 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 | | <input type="checkbox"/> |
| 13 | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | | |
| | 5.55% | | |
| 14 | TYPE OF REPORTING PERSON | | |
| | IN | | |

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 5,927,740 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) 1,836,500 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 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

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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".

The third paragraph of Item 3 of the Initial Schedule 13D is hereby amended to read in its entirety as follows:

"The Reporting Persons acquired, in a series of private transactions with the Issuer culminating on June 13, 2003, an aggregate of 1,779,500 shares of Common Stock at a purchase price of \$0.50 per share for an aggregate amount of \$889,750 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."

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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 of Total Adjusted Outstanding Shares |
| Galen | 1,152,611 | 2,038,869 | 1,698,721 | 4,890,201 | 44.2% |
| Galen Intl | 104,654 | 184,577 | 153,764 | 442,995 | 4.0% |
| GEF | 4,735 | 8,350 | 6,959 | 20,044 | 0.2% |
| Grant | 574,500 | 0 | 0 | 574,500 | 5.2% |
| Total | 1,836,500 | 2,231,796 | 1,859,444 | 5,927,740 | 54.6% |

Note: The percentages shown in each row of column (6) were calculated, for each respective row, by (i) adding the total in the bottom row of column (5) (less 57,000 shares of Common Stock issued and outstanding) to 4,631,276 (the number of shares of Common Stock outstanding as of March 31, 2003, as set forth in the Issuer's Quarterly Report on Form 10-QSB for the quarter then ended (the "Total Adjusted Outstanding Shares")), then (ii) dividing the amount in column (5) by the Total Adjusted Outstanding Shares, and then (iii) expressing such

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quotient in terms of a percentage.

7

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: June 20, 2003

GALEN PARTNERS III, L.P.
By: Claudius, L.L.C.

By: /s/ Bruce F. Wesson

Managing Member

GALEN PARTNERS
INTERNATIONAL III, L.P.
By: Claudius, L.L.C.

By: /s/ Bruce F. Wesson

Managing Member

GALEN EMPLOYEE FUND III, L.P.
By: Wesson Enterprises, Inc

By: /s/ Bruce F. Wesson

President

[Signatures continued on next page.]

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CLAUDIUS, L.L.C.

By: /s/ Bruce F. Wesson

Managing Member

WESSON ENTERPRISES, INC.

By: /s/ Bruce F. Wesson

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President

WILLIAM R. GRANT

By: /s/ Bruce F. Wesson

Bruce F. Wesson, Attorney-In-Fact

BRUCE F. WESSON

/s/ Bruce F. Wesson

Bruce F. Wesson

L. JOHN WILKERSON

By: /s/ Bruce F. Wesson

Bruce F. Wesson, Attorney-In-Fact

DAVID JAHNS

By: /s/ Bruce F. Wesson

Bruce F. Wesson, Attorney-In-Fact

SRINI CONJEEVARAM

By: /s/ Bruce F. Wesson

Bruce F. Wesson, Attorney-In-Fact

ZUBEEN SHROFF

By: /s/ Bruce F. Wesson

Bruce F. Wesson, Attorney-In-Fact