

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

DERMA SCIENCES, INC.  
Form SC 13D/A  
May 11, 2007

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AMENDMENT NO. 11 TO  
SCHEDULE 13D

Under the Securities Exchange Act of 1934

DERMA SCIENCES, INC.  
(Name of Issuer)

COMMON STOCK, \$0.01 PAR VALUE  
(Title of Class of Securities)

249827106  
(CUSIP Number)

Bruce F. Wesson  
Claudius, L.L.C.  
680 Washington Boulevard  
11th Floor  
Stamford, CT 06901  
Telephone (203) 653-6400

With a copy to:  
Peter K. Anglum, Esq.  
Morrison Cohen LLP  
909 Third Avenue  
New York, New York 10022  
Telephone (212) 735-8600  
(Name, Address and Telephone Number of Persons  
Authorized to Receive Notices and Communications)

April 15, 2007  
(Date of Event which Requires Filing this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that 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 of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

(Continued on following page(s))

Page 1 of 9

-----  
1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

Galen Partners III, L.P.  
-----

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

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(a)   
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

OO

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

3,510,547 shares

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

8 SHARED VOTING POWER

0 shares

9 SOLE DISPOSITIVE POWER

3,510,547 shares

10 SHARED DISPOSITIVE POWER

0 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,510,547 shares

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

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

12.56%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

Page 2 of 9

1 NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

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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\*

OO

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

321,168 shares

NUMBER OF  
SHARES

8 SHARED VOTING POWER

BENEFICIALLY  
OWNED BY

0 shares

EACH  
REPORTING

9 SOLE DISPOSITIVE POWER

PERSON  
WITH

321,168 shares

10 SHARED DISPOSITIVE POWER

0 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

321,168 shares

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

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

1.15%

14 TYPE OF REPORTING PERSON\*

PN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. 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\*

00

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

14,613 shares

NUMBER OF  
SHARES

8 SHARED VOTING POWER

BENEFICIALLY OWNED BY

0 shares

EACH  
REPORTING

9 SOLE DISPOSITIVE POWER

PERSON

14,613 shares

WITH

10 SHARED DISPOSITIVE POWER

0 shares

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

14,613 shares

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

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

0.05%

14 TYPE OF REPORTING PERSON\*

PN

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Page 4 of 9

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1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NOS. OF ABOVE PERSON

Galen Associates  
-----

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a)   
(b)

3 SEC USE ONLY  
-----

4 SOURCE OF FUNDS\*

OO  
-----

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

452,000 shares  
-----

NUMBER OF 8 SHARED VOTING POWER  
SHARES

BENEFICIALLY 0 shares  
OWNED BY  
-----

EACH 9 SOLE DISPOSITIVE POWER  
REPORTING

PERSON 452,000 shares  
WITH  
-----

10 SHARED DISPOSITIVE POWER

0 shares  
-----

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

452,000 shares  
-----

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

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

1.62%  
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14 TYPE OF REPORTING PERSON\*

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PN

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\*SEE INSTRUCTIONS BEFORE FILLING OUT!

Page 5 of 9

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 4,298,328 fully diluted shares of Common Stock", of Derma Sciences, Inc., a Pennsylvania corporation (the "Issuer"). The Reporting Personas (as defined in Item 2 hereof) as of the date hereof hold an aggregate of (i) 1,614,175 shares of Common Stock, (ii) 125,003 shares of Series A Convertible Preferred Stock, \$.01 par value per share, of the Issuer (the "Series A Preferred Shares"), which as of the date hereof are convertible into an aggregate of 125,003 shares of Common Stock, (iii) 416,669 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 416,669 shares of Common Stock, (iv) 619,055 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 619,055 shares of Common Stock, (v) 1,071,426 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 1,071,426 shares of Common Stock, and (vi) 452,000 options (the "Options"), which as of the date hereof may be exercised for an aggregate of 452,000 shares of Common Stock. The Common Stock, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Options are referred to herein, collectively, as the "Securities".

Item 3 of the Initial Schedule 13D is hereby amended to add a paragraph at the end thereof to read in its entirety as follows:

"On January 4, 2007, Galen Partners III, L.P., Galen Partners International III, L.P. and Galen Employee Fund III, L.P. exercised an aggregate of 1,309,441 warrants pursuant to a cashless exercise feature in such warrants, resulting in the issuance of an aggregate of 352,175 shares of Common Stock. On April 15, 2007, William R. Grant, a Reporting Person, passed away and, as a result, under the terms of the relevant operating agreements was deemed to have withdrawn from, and is no longer an affiliate of, the Galen Partnerships as of that date."

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

Page 6 of 9

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

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(1)	(2)	(3)	(4)	(5)
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 options	Total of Columns (2), (3) and (4)
Galen	1,474,345	2,036,202	0	3,510,547
Galen Intl	133,777	187,391	0	321,168
GEF	6,053	8,560	0	14,613
Galen Associates	0	0	452,000	452,000
Total	1,614,175	2,232,153	452,000	4,298,328

Note: The percentages shown in each row of column (6) were calculated, for each respective row, by (i) adding the total in the bottom rows of columns (3) and (4) to 25,258,335, the number of shares of Common Stock outstanding as of February 27, 2007, as set forth in the Issuer's Annual Report on Form 10-KSB for the year ended December 31, 2006, (the "Total Adjusted Outstanding Shares"), then (ii) dividing the amount in column (5) by the Total Adjusted Outstanding Shares, and then (iii) expressing such quotient in terms of a percentage.

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.

Page 7 of 9

Date: May 9, 2007

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

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GALEN EMPLOYEE FUND III, L.P.

By: Wesson Enterprises, Inc.

By: /s/ Bruce F. Wesson

-----  
President

CLAUDIUS, L.L.C.

By: /s/ Bruce F. Wesson

-----  
Managing Member

WESSON ENTERPRISES, INC.

By: /s/ Bruce F. Wesson

-----  
President

Page 8 of 9

GALEN ASSOCIATES

By: Wesson Enterprises, Inc.

By: /s/ Bruce F. Wesson

-----  
President

BRUCE F. WESSON

By: /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

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Bruce F. Wesson, Attorney-In-Fact

ZUBEEN SHROFF

By: /s/ Bruce F. Wesson



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Bruce F. Wesson, Attorney-In-Fact

Page 9 of 9