

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

DERMA SCIENCES INC
Form SC 13D/A
March 06, 2002

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

AMENDMENT NO. 6 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)

FEBRUARY 25, 2002

(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, 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 | 4,145,640 (see Item 5(a)) |
| SHARES | 8 SHARED VOTING POWER |
| BENEFICIALLY | 0 |
| OWNED BY | 9 SOLE DISPOSITIVE POWER |
| EACH | 4,145,640 |
| REPORTING | 10 SHARED DISPOSITIVE POWER |
| PERSON WITH | 0 |
| 11 | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON |

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4,145,640

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

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

59.46%

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 401,278 (see Item 5(a))

SHARES 8 SHARED VOTING POWER

BENEFICIALLY 0

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OWNED BY 9 SOLE DISPOSITIVE POWER
EACH 401,278

REPORTING 10 SHARED DISPOSITIVE POWER
PERSON WITH 0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
401,278

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

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
5.76%

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

| | | | |
|--------------|----|---|-----|
| | 7 | SOLE VOTING POWER | |
| NUMBER OF | | 18,260 (see Item 5(a)) | |
| | 8 | SHARED VOTING POWER | |
| SHARES | | 0 | |
| BENEFICIALLY | 9 | SOLE DISPOSITIVE POWER | |
| OWNED BY | | 18,260 | |
| EACH | 10 | SHARED DISPOSITIVE POWER | |
| REPORTING | | 0 | |
| PERSON WITH | | | |
| ----- | | | |
| 11 | | AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON | |
| | | 18,260 | |
| ----- | | | |
| 12 | | CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES | [] |
| ----- | | | |
| 13 | | PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) | |
| | | 0.26% | |
| ----- | | | |
| 14 | | TYPE OF REPORTING PERSON | |
| | | PN | |
| ----- | | | |

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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 4,565,178 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) 57,000 shares of Common Stock, (ii) 125,000 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 125,000 shares of Common Stock, (iii) 416,667 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 416,667 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

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convertible into an aggregate of 619,055 shares of Common Stock, (v) 1,071,346 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 1,071,346 shares of Common Stock, and (vi) 2,276,100 warrants (the "Warrants"), which as of the date hereof may be exercised for an aggregate of 2,276,100 shares of Common Stock. The Common Stock, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Warrants are referred to herein, collectively, as the "Securities".

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

"75,000 of the Series A Preferred Shares were acquired by the Reporting Persons through the conversion, effected on or about January 23, 1998, of certain Convertible Debentures due 1998 of the Issuer ("The Series A Debentures"). The Reporting Persons acquired Series A Debentures in an aggregate principal amount of \$300,000 for \$300,000 in cash. The remaining 50,000 shares of the Series A Preferred Shares were acquired through converting 50,000 shares of Common Stock, which were previously acquired by the Reporting Persons at a purchase price of \$5.00 per share for an aggregate amount of \$250,000 in cash, into an equal number of shares of Series A Preferred Stock. The Series B Preferred Shares and certain of the

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Warrants were acquired by the Reporting Persons through the conversion, effected on or about September 9, 1998, of certain Convertible Debentures due 1998 of the Issuer. The Series C Preferred Shares and certain of the Warrants were acquired by the Reporting Persons through conversions, effected on or about July 26, 2000, and on or about February 25, 2002, of certain convertible bonds of the Issuer. The Series D Preferred Shares and certain of the Warrants were acquired by the Reporting Persons through the conversion effective on or about February 25, 2002, of certain convertible bonds of the Issuer. The Reporting Persons acquired 57,000 shares of Common Stock in consideration of the extension to January 7, 2002 of the maturity dates of certain convertible bonds of the Issuer. Each Reporting Person paid its pro rata share of the acquisition price of the Securities based upon the number of Common Shares, Series A Preferred Shares, Series B Preferred Shares, Series C Preferred Shares, Series D Preferred Shares and Warrants it received."

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

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(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) | (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 | 51,764 | 2,026,941 | 2,066,935 | 4,145,640 | |
| Galen Intl | 5,009 | 196,199 | 200,070 | 401,278 | |
| GEF | 227 | 8,928 | 9,105 | 18,260 | |
| Total | 57,000 | 2,232,068 | 2,276,110 | 4,565,178 | |

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) to 2,407,109 (the number of shares of Common Stock outstanding as of September 30, 2001, 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 quotient in terms of a percentage.

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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: March 5, 2002

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

By:

Managing Member

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

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By:

Managing Member

GALEN EMPLOYEE FUND III, L.P.

By: Wesson Enterprises, Inc

By:

President

[Signatures continued on next page.]

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CLAUDIUS, L.L.C.

By:

Managing Member

WESSON ENTERPRISES, INC.

By:

President

WILLIAM R. GRANT

By:

Bruce F. Wesson, Attorney-In-Fact

BRUCE F. WESSON

Bruce F. Wesson, Attorney-In-Fact

L. JOHN WILKERSON

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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

By:

Bruce F. Wesson, Attorney-In-Fact