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

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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	19,277 (see Item 5(a))
8	SHARED VOTING POWER	0
9	SOLE DISPOSITIVE POWER	19,277
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	<input type="checkbox"/>
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)	<input type="checkbox"/>	(b)	<input checked="" type="checkbox"/>	
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."

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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 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