

DERMA SCIENCES, INC.  
Form SC 13G/A  
May 10, 2011

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

SCHEDULE 13G  
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULES 13d-1(b), (c), AND (d) AND AMENDMENTS THERETO FILED  
PURSUANT TO RULE 13d-2(b)  
(Amendment No. 2)1

Derma Sciences, Inc.  
(Name of Issuer)

Common Stock, par value \$0.01 per share  
(Title of Class of Securities)

249827502  
(CUSIP Number)

May 6, 2011  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

---

1 The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in 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 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).



CUSIP NO. 249827502

1 NAME OF REPORTING PERSON

Raging Capital Fund, LP

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

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

|   |   |                          |
|---|---|--------------------------|
| NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH | 5 | SOLE VOTING POWER        |
|   |   | - 0 -                    |
|   | 6 | SHARED VOTING POWER      |
|   |   | 424,631 (1)              |
|   | 7 | SOLE DISPOSITIVE POWER   |
|   |   | - 0 -                    |
|   | 8 | SHARED DISPOSITIVE POWER |
|   |   | 424,631 (1)              |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

424,631 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.2%

12 TYPE OF REPORTING PERSON

PN

(1) Includes 70,766 shares of Common Stock issuable upon the exercise of warrants.

CUSIP NO. 249827502

1 NAME OF REPORTING PERSON

Raging Capital Fund (QP), LP

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

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

|   |   |                          |
|---|---|--------------------------|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 5 | SOLE VOTING POWER        |
|   |   | - 0 -                    |
|   | 6 | SHARED VOTING POWER      |
|   |   | 422,847 (1)              |
|   | 7 | SOLE DISPOSITIVE POWER   |
|   |   | - 0 -                    |
|   | 8 | SHARED DISPOSITIVE POWER |
|   |   | 422,847 (1)              |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

422,847 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

6.2%

12 TYPE OF REPORTING PERSON

PN

(1) Includes 57,900 shares of Common Stock issuable upon the exercise of warrants.

CUSIP NO. 249827502

1 NAME OF REPORTING PERSON

Raging Capital Management, LLC

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

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

|   |   |                          |
|---|---|--------------------------|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 5 | SOLE VOTING POWER        |
|   |   | - 0 -                    |
|   | 6 | SHARED VOTING POWER      |
|   |   | 847,478 (1)              |
|   | 7 | SOLE DISPOSITIVE POWER   |
|   |   | - 0 -                    |
|   | 8 | SHARED DISPOSITIVE POWER |
|   |   | 847,478 (1)              |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

847,478 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

12.3%

12 TYPE OF REPORTING PERSON

OO

(1) Includes 128,666 shares of Common Stock issuable upon the exercise of warrants.

CUSIP NO. 249827502

1 NAME OF REPORTING PERSON

William C. Martin

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

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

USA

|   |   |                                       |
|---|---|---------------------------------------|
| NUMBER OF<br>SHARES<br>BENEFICIALLY<br>OWNED BY<br>EACH<br>REPORTING<br>PERSON WITH | 5 | SOLE VOTING POWER                     |
|   | 6 | 1,500<br>SHARED VOTING POWER          |
|   | 7 | 847,478 (1)<br>SOLE DISPOSITIVE POWER |
|   | 8 | 1,500<br>SHARED DISPOSITIVE POWER     |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

847,478 (1)

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

12.4%

12 TYPE OF REPORTING PERSON

IN

(1) Includes 128,666 shares of Common Stock issuable upon the exercise of warrants.

CUSIP NO. 249827502

Item 1(a). Name of Issuer:

Derma Sciences, Inc.

Item 1(b). Address of Issuer's Principal Executive Offices:

214 Carnegie Center, Suite 300, Princeton, New Jersey 08540

Item 2(a). Name of Person Filing:

This statement is filed by Raging Capital Fund, LP, a Delaware limited partnership ("Raging Capital Fund"), Raging Capital Fund (QP), LP, a Delaware limited partnership ("Raging Capital Fund QP" and together with Raging Capital Fund, the "Raging Funds"), Raging Capital Management, LLC, a Delaware limited liability company ("Raging Capital"), and William C. Martin ("Mr. Martin"). Each of the foregoing is referred to as a "Reporting Person" and collectively as the "Reporting Persons."

Raging Capital is the general partner of each of the Raging Funds. Mr. Martin is the managing member of Raging Capital. By virtue of these relationships, each of Raging Capital and Mr. Martin may be deemed to beneficially own the Issuer's Common Stock, par value \$0.01 per share, owned directly by the Raging Funds.

Item 2(b). Address of Principal Business Office or, if none, Residence:

The principal business address of each of the Reporting Persons is 254 Witherspoon Street, Princeton, New Jersey 08542.

Item 2(c). Citizenship:

The Raging Funds and Raging Capital are organized under the laws of the State of Delaware. Mr. Martin is a citizen of the United States of America.

Item 2(d). Title of Class of Securities:

Common Stock, par value \$0.01 per share (the "Shares").

Item 2(e). CUSIP Number:

249827502

Item 3. If this statement is filed pursuant to Section 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

/X/

Not Applicable

(a) / / Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o).

(b) / / Bank as defined in Section 3(a)(6) of the Act (15 U.S.C. 78c).

(c) / / Insurance company as defined in Section 3(a)(19) of the Act (15 U.S.C. 78c).





CUSIP NO. 249827502

- (d) / / Investment company registered under Section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8).
- (e) / / Investment adviser in accordance with Section 240.13d-1(b)(1)(ii)(E).
- (f) / / Employee benefit plan or endowment fund in accordance with Section 240.13d-1(b)(1)(ii)(F).
- (g) / / Parent holding company or control person in accordance with Section 240.13d-1(b)(1)(ii)(G).
- (h) / / Savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813).
- (i) / / Church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act (15 U.S.C. 80a-3).
- (j) / / Non-U.S. institution in accordance with Section 240.13d-1(b)(1)(ii)(J).
- (k) / / Group, in accordance with Section 240.13d-1(b)(1)(ii)(J).

Item 4. Ownership.

All ownership information reported in this Item 4 is as of the close of business on May 9, 2011.

Raging Capital Fund

(a) Amount beneficially owned:

424,631 Shares, including 70,766 Shares issuable upon the exercise of warrants.

(b) Percent of class:

6.2% (based upon 6,738,849 Shares outstanding, which is the total number of Shares outstanding as of April 30, 2011 as reported in the Issuer's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on May 3, 2011).

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

0 Shares

(ii) Shared power to vote or to direct the vote

424,631 Shares, including 70,766 Shares issuable upon the exercise of warrants.

(iii) Sole power to dispose or to direct the disposition of

0 Shares

(iv) Shared power to dispose or to direct the disposition of

424,631 Shares, including 70,766 Shares issuable upon the exercise of warrants.

7

---

CUSIP NO. 249827502

Raging Capital Fund QP

(a) Amount beneficially owned:

422,847 Shares, including 57,900 Shares issuable upon the exercise of warrants.

(b) Percent of class:

6.2% (based upon 6,738,849 Shares outstanding, which is the total number of Shares outstanding as of April 30, 2011 as reported in the Issuer's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on May 3, 2011).

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

0 Shares

(ii) Shared power to vote or to direct the vote

422,847 Shares, including 57,900 Shares issuable upon the exercise of warrants.

(iii) Sole power to dispose or to direct the disposition of

0 Shares

(iv) Shared power to dispose or to direct the disposition of

422,847 Shares, including 57,900 Shares issuable upon the exercise of warrants.

Raging Capital

(a) Amount beneficially owned:

847,478 Shares, including 128,666 Shares issuable upon the exercise of warrants.\*

(b) Percent of class:

12.3% (based upon 6,738,849 Shares outstanding, which is the total number of Shares outstanding as of April 30, 2011 as reported in the Issuer's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on May 3, 2011).

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

0 Shares

(ii) Shared power to vote or to direct the vote

847,478 Shares, including 128,666 Shares issuable upon the exercise of warrants.\*

8

---

CUSIP NO. 249827502

(iii) Sole power to dispose or to direct the disposition of  
0 Shares

(iv) Shared power to dispose or to direct the disposition of  
847,478 Shares, including 128,666 Shares issuable upon the exercise of warrants.\*

---

\* Consists of the Shares owned directly and the Shares underlying warrants owned directly by the Raging Funds.

Mr. Martin

(a) Amount beneficially owned:  
848,978 Shares, including 128,666 Shares issuable upon the exercise of warrants.\*

(b) Percent of class:  
12.4% (based upon 6,738,849 Shares outstanding, which is the total number of Shares outstanding as of April 30, 2011 as reported in the Issuer's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on May 3, 2011).

(c) Number of shares as to which such person has:  
(i) Sole power to vote or to direct the vote  
1,500 Shares

(ii) Shared power to vote or to direct the vote  
847,478 Shares, including 128,666 Shares issuable upon the exercise of warrants.\*\*

(iii) Sole power to dispose or to direct the disposition of  
1,500 Shares

(iv) Shared power to dispose or to direct the disposition of  
847,478 Shares, including 128,666 Shares issuable upon the exercise of warrants.\*\*

---

\* Consists of 847,478 Shares owned directly and the Shares underlying warrants owned directly by the Raging Funds and 1,500 Shares owned directly by Mr. Martin.

\*\* Consists of the Shares owned directly and the Shares underlying warrants owned directly by the Raging Funds.

As the general partner of each of the Raging Funds, Raging Capital may be deemed to be the beneficial owner of the Shares owned directly and the Shares underlying warrants owned directly by the Raging Funds. As the managing member of Raging Capital, Mr. Martin may be deemed to be the beneficial owner of the Shares owned directly and the Shares underlying warrants owned directly by the Raging Funds.

CUSIP NO. 249827502

The filing of this Schedule 13G shall not be construed as an admission that the Reporting Persons are, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, the beneficial owners of any of the Shares reported herein. Each of the Reporting Persons specifically disclaims beneficial ownership of the Shares reported herein that are not directly owned by such Reporting Person.

Item 5. Ownership of Five Percent or Less of a Class.

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following [ ].

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

See Exhibit 99.1 (previously filed).

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certifications.

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

CUSIP NO. 249827502

SIGNATURES

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: May 10, 2011

Raging Capital Fund, LP

By: Raging Capital Management, LLC  
General Partner

By: /s/ William C. Martin  
Name: William C. Martin  
Title: Managing Member

Raging Capital Fund (QP), LP

By: Raging Capital Management, LLC  
General Partner

By: /s/ William C. Martin  
Name: William C. Martin  
Title: Managing Member

Raging Capital Management, LLC

By: /s/ William C. Martin  
Name: William C. Martin  
Title: Managing Member

/s/ William C. Martin  
William C. Martin



