

DERMA SCIENCES, INC.  
Form SC 13G  
March 01, 2010

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. )1

Derma Sciences, Inc.  
(Name of Issuer)

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

249827502  
(CUSIP Number)

February 17, 2010  
(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)

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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 (a) o  
GROUP (b) o

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

|              |   |                          |
|--------------|---|--------------------------|
| NUMBER OF    | 5 | SOLE VOTING POWER        |
| SHARES       |   |                          |
| BENEFICIALLY |   | - 0 -                    |
| OWNED BY     | 6 | SHARED VOTING POWER      |
| EACH         |   |                          |
| REPORTING    |   | 282,241 (1)              |
| PERSON WITH  | 7 | SOLE DISPOSITIVE POWER   |
|              |   |                          |
|              | 8 | - 0 -                    |
|              |   | SHARED DISPOSITIVE POWER |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

282,241 (1)

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

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

4.5%

12 TYPE OF REPORTING PERSON

PN

(1) Includes 70,766 shares of Common Stock currently 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 (a) o  
GROUP (b) o

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      |
|   |   | 230,925 (1)              |
|   | 7 | SOLE DISPOSITIVE POWER   |
|   |   | - 0 -                    |
|   | 8 | SHARED DISPOSITIVE POWER |
|   |   | 230,925 (1)              |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

230,925 (1)

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

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

3.7%

12 TYPE OF REPORTING PERSON

PN

(1) Includes 57,900 shares of Common Stock currently 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 (a)   
 GROUP (b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

|              |   |                          |
|--------------|---|--------------------------|
| NUMBER OF    | 5 | SOLE VOTING POWER        |
| SHARES       |   |                          |
| BENEFICIALLY |   | - 0 -                    |
| OWNED BY     | 6 | SHARED VOTING POWER      |
| EACH         |   |                          |
| REPORTING    |   | 513,166 (1)              |
| PERSON WITH  | 7 | SOLE DISPOSITIVE POWER   |
|              |   |                          |
|              | 8 | - 0 -                    |
|              |   | SHARED DISPOSITIVE POWER |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

513,166 (1)

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

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

8.3%

12 TYPE OF REPORTING PERSON

OO

(1) Includes 128,666 shares of Common Stock currently 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 (a) o  
GROUP (b) o

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 | - 0 -<br>SHARED VOTING POWER          |
|   | 7 | 513,166 (1)<br>SOLE DISPOSITIVE POWER |
|   | 8 | - 0 -<br>SHARED DISPOSITIVE POWER     |

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

513,166 (1)

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

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

8.3%

12 TYPE OF REPORTING PERSON

IN

(1) Includes 128,666 shares of Common Stock currently 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 February 26, 2010.

Raging Capital Fund

(a) Amount beneficially owned:

282,241 Shares, including 70,766 Shares issuable upon the exercise of warrants.

(b) Percent of class:

4.5% (based upon 6,157,268 Shares outstanding, which is the total number of Shares outstanding based on the Issuer's Prospectus filed with the Securities and Exchange Commission on February 18, 2010).

(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

282,241 Shares, including 70,766 Shares issuable upon the exercise of warrants.

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

0 Shares



CUSIP NO. 249827502

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

282,241 Shares, including 70,766 Shares issuable upon the exercise of warrants.

Raging Capital Fund QP