

DERMA SCIENCES, INC.
Form SC 13G
February 17, 2009

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

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No.)***

Derma Sciences, Inc.
(Name of Issuer)
Common Stock
(Title of Class of Securities)
249827205
(CUSIP Number)
December 31, 2008
(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)

* 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. 249827205

NAMES OF REPORTING PERSONS

1

Galen Partners III, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Delaware

SOLE VOTING POWER

5

NUMBER OF 3,513,486*

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 0

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 3,513,486*

SHARED DISPOSITIVE POWER

8

WITH: 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

3,513,486*

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

o

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

8.3%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

* Includes 114,184 shares issuable upon conversion of Series A Preferred Stock, 380,664 shares issuable upon conversion of Series B Preferred Stock, 565,547 shares issuable upon conversion of Series C Preferred Stock and 978,746 shares issuable upon conversion of Series D Preferred Stock.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

Galen Partners International III, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Delaware

SOLE VOTING POWER

5

NUMBER OF 318,354*

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 0

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 318,354*

SHARED DISPOSITIVE POWER

8

WITH: 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

318,354*

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

o

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

0.8%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

* Includes 10,337 shares issuable upon conversion of Series A Preferred Stock, 34,456 shares issuable upon conversion of Series B Preferred Stock, 51,191 shares issuable upon conversion of Series C Preferred Stock and 88,593 shares issuable upon conversion of Series D Preferred Stock.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

Galen Employee Fund III, L.P.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Delaware

SOLE VOTING POWER

5

NUMBER OF 14,403*

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 0

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 14,403*

SHARED DISPOSITIVE POWER

8

WITH: 0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

14,403*

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

o

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

0.0%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

* Includes 2,338 shares issuable upon conversion of Series A Preferred Stock, 1,559 shares issuable upon conversion of Series B Preferred Stock, 446 shares issuable upon conversion of Series C Preferred Stock and 4,007 shares issuable upon conversion of Series D Preferred Stock.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

Claudius, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Delaware

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 3,831,840*

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 0

SHARED DISPOSITIVE POWER

8

WITH: 3,831,840*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

3,831,840*

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

o

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

9.1%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

* The shares are held as follows: 3,513,486 by Galen Partners III, L.P. (114,184 of which are issuable upon conversion of Series A Preferred Stock, 380,664 of which are issuable upon conversion of Series B Preferred Stock, 565,547 of which are issuable upon conversion of Series C Preferred Stock and 978,746 of which are issuable upon conversion of Series D Preferred Stock) and 318,354 by Galen Partners International III, L.P. (10,337 of which are issuable upon conversion of Series A Preferred Stock, 34,456 of which are issuable upon conversion of Series B Preferred Stock, 51,191 of which are issuable upon conversion of Series C Preferred Stock and 88,593 of which are issuable upon conversion of Series D Preferred Stock). The Reporting Person is the direct general partner of Galen Partners III, L.P. and Galen Partners International III, L.P.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

Wesson Enterprises, Inc.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

Delaware

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 14,403*

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 0

SHARED DISPOSITIVE POWER

8

WITH: 14,403*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

14,403*

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

0.0%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

12

CO

* The shares are held by Galen Employee Fund III, L.P. (2,338 of which are issuable upon conversion of Series A Preferred Stock, 1,559 of which are issuable upon conversion of Series B Preferred Stock, 446 of which are issuable upon conversion of Series C Preferred Stock and 4,007 of which are issuable upon conversion of Series D Preferred Stock). The Reporting Person is the direct general partner of Galen Employee Fund III, L.P.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

Bruce F. Wesson

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

United States

SOLE VOTING POWER

5

NUMBER OF 70,000+

SHARED VOTING POWER

6

SHARES BENEFICIALLY OWNED BY 3,846,243*

SOLE DISPOSITIVE POWER

7

EACH REPORTING PERSON 70,000+

SHARED DISPOSITIVE POWER

8

WITH: 3,846,243*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

3,916,243*+

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

9.3%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

12

IN

+ Includes 70,000 shares issuable upon exercise of options within 60 days of December 31, 2008.

* Includes 3,846,243 shares held as follows: 3,513,486 by Galen Partners III, L.P. (114,184 of which are issuable upon conversion of Series A Preferred Stock, 380,664 of which are issuable upon conversion of Series B Preferred Stock, 565,547 of which are issuable upon conversion of Series C Preferred Stock and 978,746 of which are issuable upon conversion of Series D Preferred Stock), 318,354 by Galen Partners International III, L.P. (10,337 of which are issuable upon conversion of Series A Preferred Stock, 34,456 of which are issuable upon conversion of Series B Preferred Stock, 51,191 of which are issuable upon conversion of Series C Preferred Stock and 88,593 of which are issuable upon conversion of Series D Preferred Stock) and 14,403 by Galen Employee Fund III, L.P. (2,338 of which are issuable upon conversion of Series A Preferred Stock, 1,559 of which are issuable upon conversion of Series B Preferred Stock, 446 of which are issuable upon conversion of Series C Preferred Stock and 4,007 of which are issuable upon conversion of Series D Preferred Stock). Claudius, L.L.C. is the direct general partner of Galen Partners III, L.P. and Galen Partners International III, L.P. Wesson Enterprises, Inc. is the direct general partner of Galen Employee Fund III, L.P. The Reporting Person is a member of Claudius, L.L.C. and is the sole shareholder of Wesson Enterprises, Inc. The Reporting Person disclaims beneficial ownership of all such shares except to the extent of his proportionate pecuniary interests therein.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

L. John Wilkerson

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

United States

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 6

3,831,840*

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7

0

SHARED DISPOSITIVE POWER

WITH: 8

3,831,840*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

3,831,840*

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

10

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11

9.1%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

12

IN

* The shares are held as follows: 3,513,486 by Galen Partners III, L.P. (114,184 of which are issuable upon conversion of Series A Preferred Stock, 380,664 of which are issuable upon conversion of Series B Preferred Stock, 565,547 of which are issuable upon conversion of Series C Preferred Stock and 978,746 of which are issuable upon conversion of Series D Preferred Stock) and 318,354 by Galen Partners International III, L.P. (10,337 of which are issuable upon conversion of Series A Preferred Stock, 34,456 of which are issuable upon conversion of Series B Preferred Stock, 51,191 of which are issuable upon conversion of Series C Preferred Stock and 88,593 of which are issuable upon conversion of Series D Preferred Stock). Claudius, L.L.C. is the direct general partner of Galen Partners III, L.P. and Galen Partners International III, L.P. The Reporting Person is a member of Claudius, L.L.C. The Reporting Person disclaims beneficial ownership of all such shares except to the extent of his proportionate pecuniary interests therein.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1

David Jahns

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4

United States

SOLE VOTING POWER

5

NUMBER OF 0

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 6

3,831,840*

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7

0

SHARED DISPOSITIVE POWER

WITH: 8

3,831,840*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9

3,831,840*

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

o

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

9.1%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

* The shares are held as follows: 3,513,486 by Galen Partners III, L.P. (114,184 of which are issuable upon conversion of Series A Preferred Stock, 380,664 of which are issuable upon conversion of Series B Preferred Stock, 565,547 of which are issuable upon conversion of Series C Preferred Stock and 978,746 of which are issuable upon conversion of Series D Preferred Stock) and 318,354 by Galen Partners International III, L.P. (10,337 of which are issuable upon conversion of Series A Preferred Stock, 34,456 of which are issuable upon conversion of Series B Preferred Stock, 51,191 of which are issuable upon conversion of Series C Preferred Stock and 88,593 of which are issuable upon conversion of Series D Preferred Stock). Claudius, L.L.C. is the direct general partner of Galen Partners III, L.P. and Galen Partners International III, L.P. The Reporting Person is a member of Claudius, L.L.C. The Reporting Person disclaims beneficial ownership of all such shares except to the extent of his proportionate pecuniary interests therein.

CUSIP No. 249827205

NAMES OF REPORTING PERSONS

1
Zubeen Shroff

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

SEC USE ONLY

3

CITIZENSHIP OR PLACE OF ORGANIZATION

4
United States

SOLE VOTING POWER

5
NUMBER OF 0

SHARED VOTING POWER

6
SHARES BENEFICIALLY OWNED BY 3,831,840*

SOLE DISPOSITIVE POWER

7
EACH REPORTING PERSON 0

SHARED DISPOSITIVE POWER

8
WITH: 3,831,840*

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9
3,831,840*

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

o

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

9.1%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

IN

* The shares are held as follows: 3,513,486 by Galen Partners III, L.P. (114,184 of which are issuable upon conversion of Series A Preferred Stock, 380,664 of which are issuable upon conversion of Series B Preferred Stock, 565,547 of which are issuable upon conversion of Series C Preferred Stock and 978,746 of which are issuable upon conversion of Series D Preferred Stock) and 318,354 by Galen Partners International III, L.P. (10,337 of which are issuable upon conversion of Series A Preferred Stock, 34,456 of which are issuable upon conversion of Series B Preferred Stock, 51,191 of which are issuable upon conversion of Series C Preferred Stock and 88,593 of which are issuable upon conversion of Series D Preferred Stock). Claudius, L.L.C. is the direct general partner of Galen Partners III, L.P. and Galen Partners International III, L.P. The Reporting Person is a member of Claudius, L.L.C. The Reporting Person disclaims beneficial ownership of all such shares except to the extent of his proportionate pecuniary interests therein.

INSTRUCTIONS FOR SCHEDULE 13G

Instructions for Cover Page

- (1) *Names of Reporting Persons* Furnish the full legal name of each person for whom the report is filed *i.e.*, each person required to sign the schedule itself including each member of a group. Do not include the name of a person required to be identified in the report but who is not a reporting person.
- (2) If any of the shares beneficially owned by a reporting person are held as a member of a group and that membership is expressly affirmed, please check row 2(a). If the reporting person disclaims membership in a group or describes a relationship with other persons but does not affirm the existence of a group, please check row 2(b) [unless it is a joint filing pursuant to Rule 13d-1(k)(1) in which case it may not be necessary to check row 2(b)].
- (3) The third row is for SEC internal use; please leave blank.
- (4) *Citizenship or Place of Organization* Furnish citizenship if the named reporting person is a natural person. Otherwise, furnish place of organization.
- (5) - (9), (11) *Aggregate Amount Beneficially Owned By Each Reporting Person, Etc.* Rows (5) through (9) inclusive, and (11) are to be completed in accordance with the provisions of Item 4 of Schedule 13G. All percentages are to be rounded off to the nearest tenth (one place after decimal point).
- (10) Check if the aggregate amount reported as beneficially owned in row (9) does not include shares as to which beneficial ownership is disclaimed pursuant to Rule 13d-4 [17 CFR 240.13d-4] under the Securities Exchange Act of 1934.
- (12) *Type of Reporting Person* Please classify each reporting person according to the following breakdown (see Item 3 of Schedule 13G) and place the appropriate symbol on the form:

<i>Category</i>	<i>Symbol</i>
Broker Dealer	BD
Bank	BK
Insurance Company	IC
Investment Company	IV
Investment Adviser	IA
Employee Benefit Plan, Pension Fund, or Endowment Fund	EP
Parent Holding Company/Control Person	HC
Savings Association	SA
Church Plan	CP
Corporation	CO
Partnership	PN
Individual	IN
Other	OO

Notes: Attach as many copies of the second part of the cover page as are needed, one reporting person per page.

Filing persons may, in order to avoid unnecessary duplication, answer items on the schedules (Schedule 13D, 13G or TO) by appropriate cross references to an item or items on the cover page(s). This approach may only

be used where the cover page item or items provide all the disclosure required by the schedule item. Moreover, such a use of a cover page item will result in the item becoming a part of the schedule and accordingly being considered as filed for purposes of Section 18 of the Securities Exchange Act or otherwise subject to the liabilities of that section of the Act.

Reporting persons may comply with their cover page filing requirements by filing either completed copies of the blank forms available from the Commission, printed or typed facsimiles, or computer printed facsimiles, provided the documents filed have identical formats to the forms prescribed in the Commission's regulations and meet existing Securities Exchange Act rules as to such matters as clarity and size (Securities Exchange Act Rule 12b-12).

SPECIAL INSTRUCTIONS FOR COMPLYING WITH SCHEDULE 13G

Under Sections 13(d), 13(g) and 23 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, the Commission is authorized to solicit the information required to be supplied by this schedule by certain security holders of certain issuers.

Disclosure of the information specified in this schedule is mandatory. The information will be used for the primary purpose of determining and disclosing the holdings of certain beneficial owners of certain equity securities. This statement will be made a matter of public record. Therefore, any information given will be available for inspection by any member of the public.

Because of the public nature of the information, the Commission can use it for a variety of purposes, including referral to other governmental authorities or securities self-regulatory organizations for investigatory purposes or in connection with litigation involving the Federal securities laws or other civil, criminal or regulatory statutes or provisions.

Failure to disclose the information requested by this schedule may result in civil or criminal action against the persons involved for violation of the Federal securities laws and rules promulgated thereunder.

INSTRUCTIONS

- A.** Statements filed pursuant to Rule 13d-1(b) containing the information required by this schedule shall be filed not later than February 14 following the calendar year covered by the statement or within the time specified in Rules 13d-1(b)(2) and 13d-2(c). Statements filed pursuant to Rule 13d-1(c) shall be filed within the time specified in Rules 13d-1(c), 13d-2(b) and 13d-2(d). Statements filed pursuant to Rule 13d-1(d) shall be filed not later than February 14 following the calendar year covered by the statement pursuant to Rules 13d-1(d) and 13d-2(b).
- B.** Information contained in a form which is required to be filed by rules under section 13(f) (15 U.S.C. 78m(f)) for the same calendar year as that covered by a statement on this schedule may be incorporated by reference in response to any of the items of this schedule. If such information is incorporated by reference in this schedule, copies of the relevant pages of such form shall be filed as an exhibit to this schedule.
- C.** The item numbers and captions of the items shall be included but the text of the items is to be omitted. The answers to the items shall be so prepared as to indicate clearly the coverage of the items without referring to the text of the items. Answer every item. If an item is inapplicable or the answer is in the negative, so state.

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:

Galen Partners III, L.P.

Galen Partners International III, L.P.

Galen Employee Fund III, L.P.

Claudius, L.L.C.

Wesson Enterprises, Inc.

Bruce F. Wesson

L. John Wilkerson

David Jahns

Zubeen Shroff

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

c/o Galen Management, L.L.C.

680 Washington Boulevard

Stamford, CT 06901

Item 2(c). Citizenship:

All entities were organized in Delaware. The individuals are all United States citizens.

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

Common Stock