

DERMA SCIENCES, INC.
Form 4
May 11, 2007

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GALEN EMPLOYEE FUND III LP

(Last) (First) (Middle)

610 FIFTH AVENUE 5TH FLOOR

(Street)

NEW YORK, NY 10020

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
DERMA SCIENCES, INC. [DSCI]

3. Date of Earliest Transaction (Month/Day/Year)
01/05/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
____ Officer (give title below) Other (specify below)

See footnote (1)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	01/05/2007		J ⁽²⁾		1,318	A	\$ 0.7797
							6,053
							D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price or Derivative Security (Instr. 3 and 4)
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	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
					Code	V	(A) (D)
Stock Warrant (right to buy) ⁽¹⁾	\$ 0.57	01/05/2007	Common Stock	1,318	X		(2) (2)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
GALEN EMPLOYEE FUND III LP 610 FIFTH AVENUE 5TH FLOOR NEW YORK, NY 10020				See footnote (1)

Signatures

/s/ Bruce F. Wesson 05/09/2007
 **Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Affiliated entities hold in the aggregate in excess of 10% of the Issuer's shares.
- (2) Warrants were exercised for shares of Common Stock pursuant to a cashless exercise feature. The cashless exercise price of \$0.7797 was determined by the 30-day trailing average closing price of the Issuer's common stock.

Remarks:

Galen Employee Fund III, L.P.
 By: Wesson Enterprises, Inc.
 Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.