

DERMA SCIENCES, INC.
Form 10QSB/A
October 23, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-QSB/A

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 2006
Commission File Number 1-31070

Derma Sciences, Inc.

(Exact name of small business issuer as specified in its charter)

Pennsylvania
(State or other jurisdiction of incorporation or organization)

23-2328753
(I.R.S. Employer Identification No.)

214 Carnegie Center, Suite 100
Princeton, New Jersey 08540
(609) 514-4744
(Address including zip code and telephone
number, of principal executive offices)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

State the number of shares of each of the issuer's classes of common equity, as of the latest practicable date.

Date: July 31, 2006

Class: Common Stock, par value \$.01 per share
Shares Outstanding: 22,906,160

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Transitional Small Business Disclosure Format (check one): Yes [] No [X]

Part I

DERMA SCIENCES, INC.

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Forward Looking Statements

This document includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in political, economic, business, competitive, market and regulatory factors.

(*) Item added by the present amendment.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of shareholders of the Company was held on May 11, 2006. At the annual meeting, the following matters were submitted to a vote of the Company's security holders with the results indicated:

Proposal 1 Election of Directors

The following director-nominees, consisting of all director-nominees, were elected directors to serve as such for one year or until their successors have been elected and qualify: Edward J. Quilty, Stephen T. Wills, CPA, MST, Srini Conjeevaram, James T. O'Brien, Richard J. Keim, C. Richard Stafford, Esq., Robert G. Moussa and Bruce F. Wesson.

Proposal 2 Amendment to Stock Option Plan

Shareholders approved the amendment of the Company's stock option plan to increase the shares of common stock reserved for issuance upon exercise of options granted under the plan from 3,500,000 to 5,000,000. Details concerning the vote on proposal 2 are set forth below:

| | |
|------------------|-----------|
| In favor | 7,015,635 |
| Against | 551,060 |
| Abstentions | 11,630 |
| Broker non-votes | 2,319,383 |

Proposal 3 Adoption of Restricted Stock Plan

Shareholders approved the adoption of the Company's restricted stock plan and the reservation of 2,500,000 shares of common stock for issuance under the plan. Details concerning the vote on proposal 3 are set forth below:

| | |
|------------------|-----------|
| In favor | 7,034,371 |
| Against | 577,312 |
| Abstentions | 6,242 |
| Broker non-votes | 2,279,783 |

Proposal 4 Increase in Authorized Common Stock

Shareholders approved the amendment of the Company's articles of incorporation to increase the number of shares of common stock the Company is authorized to issue from 30,000,000 to 50,000,000. Details concerning the vote on proposal 4 are set forth below:

| | |
|------------------|-----------|
| In favor | 9,680,757 |
| Against | 210,035 |
| Abstentions | 6,916 |
| Broker non-votes | 0 |

Proposal 5 Ratification of Appointment of Independent Registered Public Accounting Firm

Shareholders ratified the appointment of J.H. Cohn LLP as the Company's independent registered public accounting firm for the year ending December 31, 2006. Details concerning the vote on proposal 5 are set forth below:

| | |
|------------------|-----------|
| In favor | 9,809,512 |
| Against | 76,270 |
| Abstentions | 11,926 |
| Broker non-votes | 0 |

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The Company solicited proxies relative to each of the foregoing proposals and, as to proposal 1, each director-nominee pursuant to Regulation 14A under the Securities Exchange Act of 1934. No proxies were solicited in opposition to any of the proposals.

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Part II Other Information

Item 1. Legal Proceedings

None.

Item 6. Exhibits

All exhibits required by Item 601 of Regulation S-B and required hereunder, as filed with the Securities and Exchange Commission in Form 10-KSB on March 31, 2006, are incorporated herein by reference.

| <u>Exhibit</u> | <u>Description</u> |
|----------------|---|
| 31.1 | Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 31.2 | Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 32.1 | Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 32.2 | Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DERMA SCIENCES, INC.

Dated: October 20, 2006

By: /s/ John E. Yetter
John E. Yetter, CPA
Chief Financial Officer

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EXHIBIT INDEX

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