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

Form 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

OR

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

For the transition period from to

Commission File Number: 001-33609

SUCAMPO PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**30-0520478**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
4520 East-West Highway, 3rd Floor Bethesda, MD 20814	**(301) 961-3400**
(Address of principal executive offices, including zip code)	*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer þ	Non accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of May 4, 2012, there were 15,704,314 shares of the registrant's class A common stock outstanding and 26,191,050 shares of the registrant's class B common stock outstanding.

Sucampo Pharmaceuticals, Inc.

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PART I — FINANCIAL INFORMATION

Item 1. ***Financial Statements***

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Balance Sheets (Unaudited)
(In thousands of U.S. dollars, except share data)

	March 31, 2012	December 31, 2011
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 55,504	$ 50,662
Investments, current	19,666	24,452
Product royalties receivable	10,928	10,795
Unbilled accounts receivable	497	2,036
Accounts receivable, net	1,097	4,616
Prepaid and income taxes receivable	1,582	2,845
Deferred tax assets, current	118	163
Deferred charge, current	3,057	3,057
Restricted cash, current	15,113	15,113
Prepaid expenses and other current assets	1,799	1,177
Total current assets	109,361	114,916
Investments, non-current	-	998
Property and equipment, net	1,561	1,669
Intangibles assets, net	8,146	8,364
Deferred tax assets, non-current	1,698	2,089
Deferred charge, non-current	25,986	26,751
Restricted cash, non-current	2,216	2,129
Other assets	1,148	653
Total assets	$ 150,116	$ 157,569
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	$ 5,638	$ 6,978
Accrued expenses	7,167	13,648
Deferred revenue, current	6,558	3,888
Deferred tax liability, current	2,811	2,167
Notes payable, current	19,700	20,400
Total current liabilities	41,874	47,081
Notes payable, non-current	39,777	39,227
Deferred revenue, non-current	6,887	7,045
Deferred tax liability, non-current	23,012	23,019
Other liabilities	2,649	2,603
Total liabilities	114,199	118,975
Commitments and contengencies (Notes 7 and 10)		
Stockholders' equity:		
Preferred stock, $0.01 par value; 5,000,000 shares authorized at March 31, 2012 and December 31, 2011; no shares issued and outstanding at March 31, 2012 and December 31, 2011	-	-
Class A common stock, $0.01 par value; 270,000,000 shares authorized at March 31, 2012 and December 31, 2011; 15,703,218 and 15,690,780 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively December 31, 2011, respectively	157	157
Class B common stock, $0.01 par value; 75,000,000 shares authorized at March 31, 2012 and December 31, 2011; 26,191,050 shares issued and outstanding at March 31, 2012 and December 31, 2011	262	262
Additional paid-in capital	60,803	59,957
Accumulated other comprehensive income	16,259	17,854
Treasury stock, at cost; 186,987 shares	(700)	(700)
Accumulated deficit	(40,864)	(38,936)
Total stockholders' equity	35,917	38,594
Total liabilities and stockholders' equity	$ 150,116	$ 157,569

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) (Unaudited)
(In thousands of U.S. dollars, except per share data)

	Three Months Ended March 31,	
	2012	**2011**
Revenues:		
Research and development revenue	$ 2,585	$ 1,964
Product royalty revenue	10,928	9,118
Co-promotion revenue	766	938
Contract and collaboration revenue	167	154
Total revenues	14,446	12,174
Operating expenses:		
Research and development	3,352	9,220
General and administrative	7,327	9,697
Selling and marketing	4,089	2,418
Total operating expenses	14,768	21,335
Loss from operations	(322)	(9,161)
Non-operating income (expense):		
Interest income	20	70
Interest expense	(592)	(611)
Other income (expense), net	1,274	(135)
Total non-operating income (expense), net	702	(676)
Income (loss) before income taxes	380	(9,837)
Income tax benefit (provision)	(2,308)	2,928
Net loss	$ (1,928)	$ (6,909)
Net loss per share:		
Basic net loss per share	$ (0.05)	$ (0.17)
Diluted net loss per share	$ (0.05)	$ (0.17)
Weighted average common shares outstanding - basic	41,702	41,851
Weighted average common shares outstanding - diluted	41,702	41,851
Comprehensive loss:		
Net loss	$ (1,928)	$ (6,909)
Other comprehensive income (loss), net of tax effect:		
Unrealized gain (loss) on investments	(3)	11
Foreign currency translation	(1,592)	437
Comprehensive loss	$ (3,523)	$ (6,461)

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Statement of Changes in Stockholders' Equity (Unaudited)
(In thousands of U.S. dollars, except share data)

	Class A Common Stock		Class B Common Stock		Additional Paid-In	Accumulated Other Comprehensive	Treasury Stock		Accumulated	Total Stockholders'
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Shares	Amount	Deficit	Equity
Balance at December 31, 2011	15,690,780	$ 157	26,191,050	$ 262	$ 59,957	$ 17,854	186,987	$ (700)	$ (38,936)	$ 38,594
Employee stock option expense	-	-	-	-	795	-	-	-	-	795
Stock issued upon exercise of stock options	11,500	-	-	-	44	-	-	-	-	44
Stock issued under employee stock purchase plan	938	-	-	-	7	-	-	-	-	7
Foreign currency translation	-	-	-	-	-	(1,592)	-	-	-	(1,592)
Unrealized gain on investments, net of tax effect	-	-	-	-	-	(3)	-	-	-	(3)
Net loss	-	-	-	-	-	-	-	-	(1,928)	(1,928)
Balance at March 31, 2012	15,703,218	$ 157	26,191,050	$ 262	$ 60,803	$ 16,259	186,987	$ (700)	$ (40,864)	$ 35,917

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

SUCAMPO PHARMACEUTICALS, INC.
Condensed Consolidated Statements of Cash Flows (Unaudited)
(In thousands of U.S. dollars)

	Three Months Ended March 31,	
	2012	**2011**
Cash flows from operating activities:		
Net loss	$ (1,928)	$ (6,909)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	350	249
Deferred tax provision	950	(12)
Deferred charge	764	-
Stock-based compensation	795	145
Amortization of premiums on investments	31	292
Notes payable paid-in-kind interest	550	570
Changes in operating assets and liabilities:		
Accounts receivable	3,518	108
Unbilled accounts receivable	1,539	(1,482)
Product royalties receivable	(133)	1,398
Inventory	2	-
Prepaid and income taxes receivable and payable, net	1,267	(2,893)
Accounts payable	(1,322)	(1,065)
Accrued expenses	(3,468)	3,902
Deferred revenue	2,538	(640)
Other assets and liabilities, net	(646)	290
Net cash provided by (used in) operating activities	4,807	(6,047)
Cash flows from investing activities:		
Purchases of investments	-	(8,790)
Proceeds from sales of investments	750	1,248
Maturities of investments	5,000	15,335
Purchases of property and equipment	(40)	(133)
Purchases of intangible assets	(3,000)	(3,000)
Purchase of other investing activities	(432)	-
Net cash provided by investing activities	2,278	4,660
Cash flows from financing activities:		
Issuance of notes receivable	-	-
Proceeds from exercise of stock options	44	-
Proceeds from employee stock purchase plan	7	3
Net cash provided by financing activities	51	3
Effect of exchange rates on cash and cash equivalents	(2,294)	499
Net increase (decrease) in cash and cash equivalents	4,842	(885)
Cash and cash equivalents at beginning of period	50,662	49,243
Cash and cash equivalents at end of period	$ 55,504	$ 48,358
Supplemental disclosure of non-cash investing and financing activities:		
Purchase of intangible assets included in accrued expenses	$ -	$ 3,000
Purchase of other investing activities	$ 2	$ -

The accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

1. Business Organization and Basis of Presentation

Description of the Business

Sucampo Pharmaceuticals, Inc., or the Company, is a global pharmaceutical company focused on the discovery, development and commercialization of proprietary drugs based on prostones and other novel drug technologies. Prostones are a class of fatty acid compounds that occur naturally in the human body as a result of the enzymatic catalysis by 15-Prostaglandin Dehydrogenase (15-PGDH) of eicosanoids, like prostaglandins, and other docosanoid molecules specifically synthesized with 15 position keto groups.

The therapeutic potential of prostones was first identified by one of the Company's founders, Dr. Ryuji Ueno. The Company's lead compounds primarily act on ClC-2 chloride and BK potassium ion channels. ClC-2 channel activators restore and repair tight junctions, maintain chloride homeostasis and increase fluid transmission across membranes and tissue barriers. BK channel activators are neuroprotective via hyperpolarization of excitable membranes, counteract endothelin-1 induced vasoconstriction, relax vascular smooth muscle cells, increase microvascular circulation, stabilize the mitochondrial membrane and decrease stress induced cell death. Both ClC-2 and BK channel activators have anti-inflammatory properties. Prostones offer a wide-ranging therapeutic potential, particularly for age-related diseases. The Company is focused on developing prostones to treat gastrointestinal, ophthalmologic, central nervous system or CNS, vascular and respiratory diseases as well as other potential therapeutic applications.

The Company generates revenue mainly from product royalties, development milestone payments, and clinical development activities. The Company expects to continue to incur significant expenses for the next several years as the Company continues its research and development activities and as the Company seeks regulatory approvals for additional indications for AMITIZA® (lubiprostone), RESCULA® (unoprostone isopropyl) and other compounds on an international basis.

To date, two prostone products have received marketing approval, AMITIZA and RESCULA. A third prostone, cobiprostone, has been studied in phase II trials in humans. The Company filed an orphan drug application for cobiprostone for oral mucositis and expects a response from the U.S. Food and Drug Administration, or FDA, in the second quarter of 2012. Two additional prostones, SPI 017 and SPI 3608, have also been developed for human testing.

AMITIZA is being marketed and developed in the U.S. for gastrointestinal indications under the October 2004 collaboration and license agreement with Takeda Pharmaceutical Company Limited, or Takeda Agreement. The Company is primarily responsible for clinical development activities under the Takeda Agreement while Takeda is responsible for commercialization of AMITIZA. The Company and Takeda initiated commercial sales of AMITIZA in the U.S. for the treatment of chronic idiopathic constipation, or CIC, in April 2006 and for the treatment of irritable bowel syndrome with constipation in May 2008. AMITIZA is currently being developed for the treatment of opioid bowel dysfunction, or OBD or opioid-induced constipation, or OIC. Takeda also holds marketing rights to AMITIZA in Canada, but has not yet commercialized it there.

The Company initiated arbitration proceedings with the International Court of Arbitration, International Chamber of Commerce, or ICC, against Takeda in 2010 claiming that, among other things, Takeda was not using its best efforts to market, promote and sell as well as maximize net sales revenue of AMITIZA. The Company is seeking damages including the termination of the Takeda Agreement and Supplemental Takeda Agreement. The ICC has notified the Company that the date on which it renders its decision has been extended from April 30, 2012 to May 31, 2012 though the decision may not be issued on that date.

In Japan, lubiprostone is being developed and marketed under a license, commercialization and supply agreement with Abbott Japan Co. Ltd., or Abbott, for lubiprostone in Japan, or the Abbott Agreement. The Company has filed a new drug application, or a NDA, for AMITIZA for the treatment of CIC in Japan with the Pharmaceuticals and Medical Devices Agency, or PMDA. The Company has had final labeling discussions with the PMDA and anticipates a decision by the end of the second quarter of 2012. Thereafter, the Company would engage in pricing negotiations with the Ministry of Health, Labor and Welfare, or MHLW and expect those negotiations to conclude in the third quarter of 2012. In that event, the Company anticipates a launch by Abbott in the fourth quarter of 2012. The Company continues to negotiate with third parties for the OBD indication, and Abbott will have 45 days to meet the terms and conditions of any third party bona fide offer.

In Europe, the Company started to market AMITIZA, on a limited basis, in Switzerland in February 2012 while the Company continues discussions with the Swiss Federal Office of Public Health for pricing approval. In the UK, the Company expects a decision in the third quarter of 2012 by the Medicines and Healthcare products Regulatory Agency, or MHRA, for approval of AMITIZA to treat CIC. In the meantime AMITIZA is being made available through a Named Patient Program throughout the E.U., Iceland and Norway. The Company continues to evaluate the opportunities in the E.U.

The Company holds license agreements for RESCULA in the United States and Canada and the rest of the world, with the exception of Japan, Korea, Taiwan and the People's Republic of China. In the U.S., the Company's discussions with the FDA under the sNDA have resulted in a FDA complete response letter that made improvements to the label. These improvements include removal of second line therapy language to enable first line use, removal of the prostaglandin description, and additions to the mechanism of action section. However the Company will continue to seek further revisions to the label to more accurately reflect current scientific understanding through the FDA's administrative appeal process. The Company anticipates agreement on the final RESCULA label during the third quarter of this year. The Company plans to re-launch RESCULA in the U.S. for its approved indication after the resolution of the appeal. The Company is also evaluating the opportunities to obtain an appropriate label in the E.U. and other European countries as well as obtaining reauthorization in those countries to commercialize unoprostone isopropyl. The Company is evaluating conducting a phase 2a clinical trial possibly to commence in 2012 of unoprostone isopropyl for the indication of dry age-related macular degeneration, or dry AMD. If this study is successful, there would be a need to complete further studies that may take several years before commercialization.

In other areas of development, the Company entered into agreements in 2011 with CuroNZ of New Zealand, which will augment the Company's ophthalmic development opportunities, and Numab AG, or Numab of Switzerland, to obtain access to their proprietary technology for the discovery of high-affinity antibodies against certain selected targets.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States, or GAAP, and the rules and regulations of the Securities and Exchange Commission, or SEC, for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Company's Consolidated Financial Statements as of and for the year ended December 31, 2011 included in the Company's Annual Report on Form 10-K, which was filed with the SEC on March 15, 2012. The financial information as of March 31, 2012 and for the three months ended March 31, 2012 and 2011 is unaudited. In the opinion of the Company's management, all adjustments, consisting only of normal recurring adjustments or accruals, considered necessary for a fair statement of the results of these interim periods have been included. The results of the Company's operations for any interim period are not necessarily indicative of the results that may be expected for any other interim period or for a full fiscal year.

The Condensed Consolidated Financial Statements include the accounts of the Company and its wholly owned subsidiaries. All significant inter-company balances and transactions have been eliminated.

The preparation of financial statements in conformity with GAAP requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements, disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

For the purpose of the Condensed Consolidated Balance Sheets and Statements of Cash Flows, cash equivalents include all highly liquid investments with a maturity of 90 days or less at the time of purchase.

Restricted Cash

Restricted cash consists of approximately $17.3 million and $17.2 million at March 31, 2012 and December 31, 2011, respectively. Restricted cash represents cash required to be deposited with certain financial institutions in connection with the Sucampo Pharma, Ltd., or SPL, loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd., Numab's loan agreement with Zurcher Kantonalbank and operating leases.

Current and Non-current Investments

Current and non-current investments consist primarily of U.S. government agencies securities, corporate bonds, mutual funds and variable rate demand notes. The Company classifies its investments into current and non-current based on their maturities and management's reasonable expectation to realize these investments in cash. The Company classifies all of its investments as available for sale securities and reports unrealized gains or losses, net of related tax effects, in other comprehensive income.

Fair Value of Financial Instruments

The carrying amounts of the Company's financial instruments, which include cash and cash equivalents, restricted cash, current and non-current investments, receivables, accounts payable and accrued expenses, approximate their fair values based on their short maturities, independent valuations or internal assessments. The carrying amount of the short and long-term debt at March 31, 2012 and December 31, 2011 approximated its fair value due to the fact that the interest rates are determined based by reference to interbank rates. The Company's debt measured at fair value on a recurring basis, which are subject to the fair value disclosure requirements as discussed in Note 4 below, as of March 31, 2012 are Level 2.

Accounts Receivable and Unbilled Accounts Receivable

Accounts receivable represent mainly amounts due under the Takeda and the Abbott Agreements. Unbilled accounts receivable represent the research and development expenses that are reimbursable by Takeda but have not been billed to Takeda as of the balance sheet date. No allowance for uncollectible accounts was recorded in 2012 or 2011.

Product Royalties Receivable

Product royalties receivable represent amounts due from Takeda for the Company's royalties on sales of AMITIZA, which are based on reports obtained directly from Takeda.

Revenue Recognition

The Company's revenues are derived primarily from collaboration and license agreements and include upfront payments, development milestone payments, reimbursements of development and co-promotion costs and product royalties.

The Company evaluated the multiple deliverables within the collaboration and license agreements in accordance with the guidance of multiple deliverables to determine whether the delivered elements that are the obligation of the Company have value to other parties to the agreement on a stand-alone basis and whether objective reliable evidence of fair value of the undelivered items exists. Deliverables that meet these criteria are considered a separate unit of accounting. Deliverables that do not meet these criteria are combined and accounted for as a single unit of accounting. The appropriate recognition of revenue is then applied to each separate unit of accounting.

Royalty revenues are based on net sales of licensed products and are recorded on the accrual basis when earned in accordance with contractual terms when third-party results are reliably measurable, collectability is reasonably assured and all other revenue recognition criteria are met.

Collaboration revenues relate to reimbursements of co-promotion costs based upon a rate per detail and reimbursements of the costs of miscellaneous marketing activities.

The Company considers its participation in the joint committees under the collaboration and license agreements as separate deliverables under the contracts and recognizes the fair value of such participation as collaboration revenue over the period of the participation per the terms of the contracts.

The Company has determined that it is acting as a principal under both the Takeda Agreement and Abbott Agreement and, as such, records revenue on a gross basis in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Contract Revenue

Contract revenue relates to development and consulting activities and is accounted for under the time-based model.

Certain Risks, Concentrations and Uncertainties

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist of cash and cash equivalents, restricted cash, investments and receivables. The Company places its cash, cash equivalents and restricted cash with highly rated financial institutions and invests its excess cash in highly rated investments. As of March 31, 2012 and December 31, 2011, approximately $12.8 million, or 13.8%, and $15.6 million, or 16.7%, respectively, of the Company's cash, cash equivalents, restricted cash and investments were issued or insured by the federal government or government agencies. The Company has not experienced any losses on these accounts related to amounts in excess of insured limits.

The Company's products and product candidates under development require approval from the FDA or other international regulatory agencies prior to commercial sales. For those product candidates or indications that have not yet been approved by the FDA or international regulatory agencies, there can be no assurance the products will receive the necessary approval. If the Company is denied approval or approval is delayed, it may have a material adverse impact on the Company.

The Company's products, AMITIZA and RESCULA, compete in a rapidly changing, highly competitive market, which is characterized by advances in scientific discovery, changes in customer requirements, evolving regulatory requirements and developing industry standards. Any failure by the Company to anticipate or to respond adequately or timely to scientific developments in its industry, changes in customer requirements or changes in regulatory requirements or industry standards, or any significant delays in the development or introduction of products could have a material adverse effect on the Company's business, operating results and future cash flows.

The Company's expected activities may necessitate significant uses of working capital. The Company's working capital requirements will depend on many factors, including the successful sales of AMITIZA and RESCULA, research and development efforts to develop new products or indications, payments received under contractual agreements with other parties, the status of competitive products and market acceptance of the Company's new products by physicians and patients. The Company plans to continue financing operations with its existing cash and investments as well as with product royalty revenue and cash received from milestones and other revenue related to its joint collaboration, license and supply agreements.

Revenues from one unrelated party, Takeda, accounted for 98.3% and 94.8%, of the Company's total revenues for the three months ended March 31, 2012 and 2011, respectively. Accounts receivable, unbilled accounts receivable and product royalties receivable from Takeda accounted for 99.8% and 100.0% of the Company's total accounts receivable, unbilled accounts receivable and product royalties receivable at March 31, 2012 and December 31, 2011, respectively. Revenues from another unrelated party, Abbott, accounted for 1.0% and 4.3% of the Company's total revenues for the three months ended March 31, 2012 and 2011, respectively. The Company depends significantly upon the collaborations with Takeda and Abbott and its activities may be impacted if these relationships are disrupted.

The Company has an exclusive supply arrangement with R-Tech Ueno Ltd, or R-Tech, to provide it with commercial and clinical supplies of its product and product candidates. R-Tech also provides certain preclinical and other research and development services. Any difficulties or delays in performing the services under these arrangements may cause the Company to lose revenues, delay research and development activities or otherwise disrupt the Company's operations.

Recent Accounting Pronouncements

In June 2011, the Finance Accounting Standards Board, or FASB, issued a standards update on Comprehensive Income Topic 220 to improve the comparability, consistency, and transparency of financial reporting and to increase the prominence of items reported in other comprehensive income. To increase the prominence of items reported in other comprehensive income and to facilitate convergence GAAP and International Financial Reporting Standards, the FASB decided to eliminate the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity, among other amendments in this update. The amendments require that all non-owner changes in stockholders' equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. The Company has opted to present a single continuous statement of comprehensive income.

3. Earnings per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the sum of the weighted average class A and B common shares outstanding. Diluted net income per share is computed by dividing net income by the weighted average common shares and potential dilutive common shares outstanding. Diluted net loss per share, when applicable, is computed by dividing net loss by the weighted average common shares outstanding without the impact of potential dilutive common shares outstanding because they would have an anti-dilutive impact on diluted net loss per share.

The computation of net income (loss) per share for the three months ended March 31, 2012 and 2011 is shown below:

	Three Months Ended March 31,	
(In thousands of U.S. dollars, except per share data)	**2012**	**2011**
Basic net income (loss) per share:		
Net income (loss)	$ (1,928)	$ (6,909)
Weighted average class A and B common shares outstanding	41,702	41,851
Basic net income (loss) per share	$ (0.05)	$ (0.17)
Diluted net income (loss) per share:		
Net income (loss)	$ (1,928)	$ (6,909)
Weighted average class A and B common shares outstanding for diluted net income per share	41,702	41,851
Diluted net income (loss) per share	$ (0.05)	$ (0.17)

For the periods listed above, there were no potentially diluted securities to be used in the calculations of diluted historical net loss per share as of March 31, 2012 and 2011.

For the periods listed above, the following securities were excluded from the computation of diluted net loss per share as their effect would be anti-dilutive as of March 31, 2012 and 2011 are shown below:

	March 31,	
(In thousands of U.S. dollars)	**2012**	**2011**
Employee stock options	3,654	1,528
Non-employee stock options	450	450

4. Current and Non-Current Investments

At March 31, 2012 and December 31, 2011, current and non-current available-for-sale investments consisted of the following securities:

(In thousands of U.S. dollars)	March 31, 2012 Cost	Unrealized Gains	Unrealized Losses	Fair Value
Current:				
U.S. commercial paper	$ 1,999	$ 1	$ -	$ 2,000
U.S. government securities	3,250	-	-	3,250
Corporate bonds	4,219	2	-	4,221
Municipal Securities	10,195	-	-	10,195
Total	$ 19,663	$ 3	$ -	$ 19,666
Non-current:				
U.S. government securities	$ -	$ -	$ -	$ -
Total	$ -	$ -	$ -	$ -

(In thousands of U.S. dollars)	December 31, 2011 Cost	Unrealized Gains	Unrealized Losses	Fair Value
Current:				
U.S. commercial paper	$ 1,997	$ 3	$ -	$ 2,000
U.S. government securities	3,250	-	-	3,250
Corporate bonds	7,002	8	(3)	7,007
Variable rate demand notes	12,195	-	-	12,195
Total	$ 24,444	$ 11	$ (3)	$ 24,452
Non-current:				
U.S. government securities	$ 1,000	$ -	$ (2)	$ 998
Total	$ 1,000	$ -	$ (2)	$ 998

The Company performs fair value measurements in accordance with the FASB's guidance for fair value measurements and disclosures, which defines fair value as the exchange price that would be received for selling an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. A fair value hierarchy is established which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Company classifies its investments into the following categories based on the three levels of inputs used to measure fair value:

Level 1: quoted prices in active markets for identical assets or liabilities;
Level 2: inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or
Level 3: unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's assets measured at fair value on a recurring basis, which are subject to the fair value disclosure requirements, as of March 31, 2012 and December 31, 2011 are as follows:

March 31, 2012 (In thousands of U.S. dollars)	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. government securities	$ -	$ 3,250	$ -	$ 3,250
U.S. commercial paper	-	3,500	-	3,500
Corporate bonds	-	4,221	-	4,221
Money market funds	10,152	-	-	10,152
Municipal Securities	-	10,195	-	10,195
Total assets measured at fair value	$ 10,152	$ 21,166	$ -	$ 31,318

December 31, 2011 (In thousands of U.S. dollars)	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. government securities	$ -	$ 4,248	$ -	$ 4,248
U.S. commercial paper	-	2,000	-	2,000
Corporate bonds	-	7,007	-	7,007
Money market funds	12,885	-	-	12,885
Variable rate demand notes	-	12,195	-	12,195
Total assets measured at fair value	$ 12,885	$ 25,450	$ -	$ 38,335

If quoted prices in active markets for identical assets and liabilities are not available to determine fair value, then the Company uses quoted prices for similar assets and liabilities or inputs other than the quoted prices that are observable, either directly or indirectly. This pricing methodology applies to the Company's Level 2 investments.

5. Intangible Assets

In April 2009, the Company entered into an agreement with R-Tech, or the 2009 R-Tech Agreement, to acquire all patents and other intellectual property rights related to RESCULA for its FDA approved indication and any new indications for unoprostone isopropyl in the U.S. and Canada. Although RESCULA eye drops have been approved by the FDA since 2000, RESCULA is not currently marketed in the U.S. or Canada. In October 2012, the Company plans to re-launch RESCULA in the U.S. for its approved indication after the resolution of appeal within the FDA regarding revisions to the mechanism of action section of the label.

Under the terms of the 2009 R-Tech Agreement, the Company made an upfront payment of $3.0 million and may be required to pay up to $5.5 million in additional milestone payments to R-Tech based on the achievement of specified development and commercialization goals. The first milestone payment of $500,000 is payable upon the re-launch of RESCULA for the treatment of glaucoma which is considered as being probable; therefore, this amount is recorded as part of the initial cost of the acquired assets. The Company allocated the acquisition cost between an intangible asset of $3.4 million and a non-current prepaid inventory of $85,000 as of December 31, 2011, both of which are reflected in other non-current assets in the accompanying Condensed Consolidated Balance Sheets. The cost is amortized over the 10-year life of the 2009 R-Tech Agreement, which the Company believes approximates the useful life of the underlying rights and data. Amortization expense was $85,000 for the three months ended March 31, 2012 and 2011. The annual amortization expense will be approximately $341,000 through April 2019.

On March 22, 2011, the Company entered into a license agreement with R-Tech for unoprostone isopropyl, or the 2011 R-Tech Agreement, expanding the Company's development and commercialization rights as well as its territories beyond their previously agreed territory of the United States and Canada to the rest of the world, with the exception of Japan, Korea, Taiwan and the People's Republic of China. We are now evaluating the opportunities to obtain an appropriate label in the E.U. and other European countries as well as obtaining reauthorization in those countries to commercialize unoprostone isopropyl. The Company plans to re-launch unoprostone isopropyl in these territories subsequent to these events.

The Company has made payments to R-Tech of $6.0 million, including $3.0 million in the quarter ending March 2012, which is reflected in other non-current assets in the accompanying Condensed Consolidated Balance Sheets, and may be required to pay up to $100.0 million in additional milestone payments to R-Tech based on the achievement of specified development and commercialization goals. Sucampo AG, or SAG, will be responsible for all development, regulatory, and commercialization activities. The Company is amortizing the $6.0 million over the 10-year life of the license agreement, which the Company believes approximates the useful life of the underlying rights and data. Amortization expense was $126,000 for the three months ended March 31, 2012. The annual amortization expense will be approximately $613,000 through March 2021.

6. Accrued Expenses

Accrued expenses consist of the following as of:

(In thousands of U.S. dollars)	March 31, 2012	December 31, 2011
Research and development costs	$ 2,544	$ 5,622
Employee compensation	1,458	1,607
Selling and marketing costs	354	76
Legal service fees	917	1,955
RESCULA milestones	500	3,500
Other accrued expenses	1,394	888
Total	$ 7,167	$ 13,648

7. Commitments

Operating Leases

The Company leases office space in the U.S., Switzerland, Japan and U.K., under operating leases through 2017. Total future minimum, non-cancelable lease payments under operating leases, are as follows as of March 31, 2012:

(In thousands of U.S. dollars)	
2012	$ 1,231
2013	1,102
2014	1,024
2015	1,052
2016	1,084
2017 and thereafter	139
Total	$ 5,632

Rent expense for all operating leases was approximately $400,000 and $366,000 for the three months ended March 31, 2012 and 2011, respectively.

Research and Development Costs

The Company routinely enters into agreements with third-party contract research organization to oversee clinical research and development studies provided on an outsourced basis and assist in other research and development activities. The Company generally is not contractually obligated to pay the third party if the service or reports are not provided. Total future estimated costs through 2013 under these agreements as of March 31, 2012 were approximately $6.1 million.

8. Related Party Transactions

R-Tech Ueno, Ltd.

In addition to the unoprostone isopropyl agreements described in Note 5 above, the Company is a party to other development and exclusive supply agreements with R-Tech covering various compounds and territories. The Company's founders, Drs. Ryuji Ueno and Sachiko Kuno, directly or indirectly, own a majority of the stock of R-Tech.

The Company recorded the following expenses under its agreements with R-Tech for the three months ended March 31, 2012 and 2011:

	Three Months Ended March 31,	
(In thousands of U.S. dollars)	**2012**	**2011**
Clinical supplies	$ 16	$ -
Other research and development services	304	3
Commercial supplies	135	123
	$ 455	$ 126

The following table summarizes the amounts included in deferred revenue resulting from the deferral of upfront payments relating to the exclusive supply agreements with R-Tech as of March 31, 2012 and December 31, 2011:

(In thousands of U.S. dollars)	**March 31, 2012**	**December 31, 2011**
Deferred revenue, current	$ 433	$ 433
Deferred revenue, non-current	4,998	5,063
	$ 5,431	$ 5,496

The Company recognized approximately $105,000 of revenue relating to its agreements with R-Tech for each of the three months ended March 31, 2012 and 2011, which was recorded as contract and collaboration revenue in the accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

Numab AG

In September 2011, the Company entered into a Loan Guarantee and Development Agreement, or Numab Agreement, with Numab. Numab is considered a related party as a result of an ownership interest by one of the Company's executive officers. Under the terms of the Numab Agreement, the Company will provide Numab with up to CHF 5.0 million as collateral and will serve as guarantor for a loan to Numab from a third party. The Company may name up to four targets against which Numab will use their proprietary technology to discover high-affinity antibodies and to develop these to an investigational new drug ready stage. Numab is eligible for full time equivalent based payments and discovery success dependent fees. Any success dependent fees will result in a corresponding reduction in the amount of the available guarantee. Should Numab default its loan obligations, the collateral may be called upon to meet Numab's obligation under its loan agreement. If a biologic is successfully developed, Numab and the Company may enter into a license arrangement in which Numab will be entitled to clinical development milestone payments and increasing tiered royalties on net sales. The Company will be responsible for clinical development and will retain all commercial rights to any resulting biologic product.

In February 2012, the Company entered into a Master Lease Agreement, or Lease Agreement, with Numab whereby the maximum collateral of CHF 5.0 million is reduced by the purchase cost of any equipment leased to Numab. As at March 31, 2012, equipment with a purchase cost of CHF 394,000 was leased to Numab thus reducing the maximum collateral and loan guarantee to CHF 4.6 million. Monthly rental payments are received under the terms of the lease.

9. Notes Payable

In November 2010, SPL entered into a ¥1,000,000,000, approximating $12.0 million as of the closing date, secured term loan agreement with The Bank of Tokyo-Mitsubishi UFJ, Ltd, or the Bank. The loan agreement provides for the extension of credit for the period of one year that can be renewed annually upon the agreement of the Company, SPL and the Bank. Borrowings may be used to finance research and development activities, for working capital needs and for the general corporate purposes of SPL. The loan bears annual interest based on the three-month Tokyo Interbank Offer Rate, plus 1% and is reset quarterly. The interest rate for the first three months of 2012 was 1.33%. The outstanding loan balances included in the accompanying Condensed Consolidated Balance Sheets were $12.2 million and $12.9 million as of March 31, 2012 and December 31, 2011. In connection with the loan agreement, the Company and the Bank executed a guarantee agreement which provides a full guarantee by the Company on behalf of SPL's obligation to the Bank. The loan agreement includes representations, covenants, and events of default customary for financing transactions of this type. Additionally, the Company agreed to maintain an amount of collateral that would not fall below 90.0% of the initial balance throughout the term of the loan. The Company deposited $14.9 million with the Bank and the deposit bears annual interest of 0.4%, which is recorded as restricted cash, current in the accompanying Condensed Consolidated Balance Sheets as of March 31, 2012 and December 31, 2011.

Subordinated Unsecured Promissory Notes

In connection with the acquisition of SAG and its wholly owned subsidiary SAG-J in December 2010, Ambrent Investments S.à r.l., or Ambrent, issued a subordinated unsecured promissory note, or notes, to each of the Ueno Trust and Kuno Trust, each a related party. Each of the notes was issued with an initial principal balance of approximately $25.9 million, or approximately $51.9 million in the aggregate. The interest rate for the notes is equal to the per annum rate of interest determined on the basis of the sum of London Interbank Offered Rate, plus 4.0%, and is reset every six months on December 1st and June 1st of each year. The interest rate beginning December 1, 2011 is 4.7%.

The notes provide for a semi-annual payment schedule of interest and principal over a seven-year period on each June 1st and December 1st, provided that, until December 1, 2012 all accrued and unpaid interest will not be paid in cash but instead added to the principal balance of the notes. Ambrent made one principal payment on December 1, 2011 and is scheduled to make the next principal payment on December 1, 2012. For the three months ended March 31, 2012, approximately $550,000 of interest expense was added to the principal balance of the notes as paid-in-kind.

The notes can be prepaid at any time without penalty. In addition, the notes provide for a mandatory prepayment (i) in full in the event of an acquisition by an unaffiliated third party in an all-cash acquisition of all of the issued and outstanding shares of capital stock of the Company or (ii) either in full or in part in certain change of control transactions involving the Company where an unaffiliated third party acquires a majority of the Company's voting stock.

Notes payable consist of the following as of March 31, 2012 and December 30, 2011:

(In thousands of U.S. dollars)	March 31, 2012	December 31, 2011
Loan agreement, The Bank of Tokyo-Mitsubishi UFJ, Ltd	$ 12,200	$ 12,900
Promissory notes, Sellers of SAG	47,277	46,727
	$ 59,477	$ 59,627
Notes payable, current	$ 19,700	$ 20,400
Notes payable, non-current	39,777	39,227
	$ 59,477	$ 59,627

The aggregated scheduled maturities of notes payable were as follows as of March 31, 2012:

(In thousands of U.S. dollars)	March 31, 2012
Due in one year	$ 19,700
Due in two years	8,466
Due in three years	8,639
Due in four years	8,820
Due in five years	9,010
Thereafter	4,842
Total	$ 59,477

10. Collaboration and License Agreements

Abbott Agreement

In February 2009, the Company entered into the Abbott Agreement to develop and commercialize lubiprostone for the treatment of CIC in Japan. Additionally, the Abbott Agreement grants Abbott the right to a limited period of time of exclusive negotiation to any additional indications for which lubiprostone is developed in Japan under all relevant patents, know-how and trademarks. Under the terms of the Abbott Agreement, payments to the Company include a non-refundable upfront payment and non-refundable development and commercial milestone payments based on achieving specified development, regulatory and sales goals.

To date, the Company has received a total of $22.5 million in upfront and development milestone payments under this agreement, including a $5.0 million development milestone payment, received in October 2010, for the submission of a marketing application to the PMDA for lubiprostone at a dosage strength of 24 micrograms for the indication of CIC in Japanese adults, as well as $10.0 million and $7.5 million in upfront and development milestone payments, respectively, in 2009. Under the Abbott Agreement the Company could receive additional milestone payments based on achieving other specified development and commercialization goals, including $15.0 million due on the first commercial sale in Japan, although there can be no assurance that the Company will receive any such payments.

The following table summarizes the cash streams and related revenue recognized or deferred under the Abbott Agreement for the three months ended March 31, 2012:

(In thousands of U.S. dollars)	Amount Deferred at December 31, 2011	Cash Received for the Three Months Ended March 31, 2012	Revenue Recognized for the Three Months Ended March 31, 2012	Foreign Currency Effects for the Three Months Ended March 31, 2012	Amount Deferred at March 31, 2012
Collaboration revenue:					
Up-front payment associated with the Company's obligation to participate in joint committees	$ 860	$ -	$ 13	$ (46)	$ 801
Research and development revenue:					
Up-front payment	$ 203	$ -	$ 44	$ (9)	$ 150
Development milestone payment	273	-	59	(12)	$ 202
Total	$ 476	$ -	$ 103	$ (21)	$ 352

Takeda commercialization and license agreement

The Company has received a total of $150.0 million in upfront and development milestone payments through March 31, 2012 under the Takeda Agreement. Subject to future development and commercial milestones, the Company is potentially entitled to receive additional development milestone and commercial milestone payments under the Takeda Agreement, although there can be no assurance that the Company will receive any such payments.

The following table summarizes the cash streams and related revenue recognized or deferred under the Takeda Agreements for the three months ended March 31, 2012:

(In thousands of U.S. dollars)	Amount Deferred at December 31, 2011	Cash Received for the Three Months Ended March 31, 2012	Revenue Recognized for the Three Months Ended March 31, 2012	Change in Accounts Receivable for the Three Months Ended March 31, 2012*	Amount Deferred at March 31, 2012
Collaboration revenue:					
Up-front payment associated with the Company's obligation to participate in joint committees	$ 1,323	$ -	$ 37	$ -	$ 1,286
Research and development revenue:					
Reimbursement of research and development expenses	$ 2,778	$ 8,347	$ 2,479	$ (3,071)	$ 5,575
Product royalty revenue	$ -	$ 10,796	$ 10,928	$ 132	$ -
Co-promotion revenue	$ -	$ 427	$ 766	$ 339	$ -

* Includes billed and unbilled accounts receivable.

11. Stock Option Plans

The following table summarizes the employee stock option activity for the three months ended March 31, 2012 under the Company's 2001 Incentive Plan:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding, December 31, 2011	190,400	$ 10.00		
Options expired	(34,000)	10.00		
Options outstanding, March 31, 2012	156,400	10.00	4.08	$ -
Options exercisable, March 31, 2012	156,400	10.00	4.08	$ -

The following table summarizes the employee stock option activity for the three months ended March 31, 2012 under the Company's Amended and Restated 2006 Stock Incentive Plan:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
Options outstanding, December 31, 2011	3,405,380	$ 4.75		
Options granted	119,960	6.69		
Options expired	(16,280)	9.11		
Options exercised	(11,500)	3.83		
Options outstanding, March 31, 2012	3,497,560	4.80	8.67	$ 9,256
Options exercisable, March 31, 2012	625,117	6.52	7.02	$ 625

The weighted average grant date fair value of options awarded during the three months ended March 31, 2012 and the year ended December 31, 2011 was $3.87 and $1.81, respectively. As of March 31, 2012, approximately $4.5 million of total unrecognized compensation costs, net of estimated forfeitures, related to non-vested awards are expected to be recognized over a weighted average period of 2.46 years.

The Company granted 510,000 stock options with an exercise price of $5.85 per share to non-employees in August 2005 under the Company's 2001 Incentive Plan. As of March 31, 2012 and December 31, 2011, 450,000 of these options were outstanding and exercisable. These non-employee stock options vested immediately and have a weighted average exercise price per share of $5.85 and $5.85, respectively, and remaining contractual life of 3.08 and 3.33 years, respectively, as of March 31, 2012 and December 31, 2011. As of March 31, 2012, these non-employee stock options have an aggregate intrinsic value of $720 and $720 for options outstanding and exercisable, respectively.

The Company recorded an of out-of-period adjustment amounting to $213,000 of stock-based compensation expense during the period. The Company concluded that this adjustment is immaterial to the March 31, 2012 financial statements.

Employee Stock Purchase Plan

Under the Company's 2006 Employee Stock Purchase Plan, or ESPP, a total of 938 and 765 shares of class A common stock were purchased during the three months ended March 31, 2012 and 2011, respectively. The ESPP is non-compensatory and is intended to qualify as an Employee Stock Purchase Plan as defined in Section 423 of the Internal Revenue Code of 1986, as amended, and in accordance with GAAP guidance that requires estimates in the fair value of share-based payment awards on the date of the grant using an option-pricing model and recognizing the expense over the required service periods in the accompanying Condensed Consolidated Statement of Operations and Comprehensive Income (Loss). The Company received $6,639 and $3,052 upon purchase of shares under the ESPP for the three months ended March 31, 2012 and 2011, respectively.

12. Income Taxes

For the three months ended March 31, 2012 and 2011, the Company recorded a tax provision of $2.3 million and a tax benefit of $2.9 million, respectively. The tax provision for the three months ended March 31, 2012 primarily pertained to taxable income generated by the Company's U.S. and Japanese subsidiaries. The tax benefit for the three months ended March 31, 2011 primarily pertained to the taxable loss generated by the Company's U.S. subsidiary.

The Company has estimated its annual effective tax rate for the full fiscal year 2012 and 2011 and applied that rate to its income before income taxes in determining its income tax provision for the interim periods.

Uncertain Tax Positions

The Company applies the FASB's guidance for uncertainty in income taxes that requires the application of a more likely than not threshold to the recognition and derecognition of uncertain tax positions.

The Company had an outstanding non-current income tax liability of approximately $1.6 million, including interest, for uncertain tax positions as of March 31, 2012. The amount represented the aggregate tax effect of differences between tax return positions and the amounts otherwise recognized in the Company's Condensed Consolidated Financial Statements, and is reflected in other liabilities in the accompanying Condensed Consolidated Balance Sheets. The liability for uncertain tax positions as of March 31, 2012 mainly pertained to the Company's interpretation of nexus in certain states related to revenue sourcing for state income tax purposes, as well as uncertain tax positions related to related party interest in foreign jurisdictions.

The Company recognizes accrued interest and penalties related to uncertain tax positions as a component of the income tax provision. The Company has identified no uncertain tax position for which it is reasonably possible that the total amount of liability for unrecognized tax benefits will significantly increase or decrease within 12 months, except for recurring accruals on existing uncertain tax positions.

13. Segment Reporting

The Company has determined that it has three reportable segments based on the Company's method of internal reporting, which disaggregates business by geographic location. These segments are the Americas, Europe and Asia. The Company evaluates the performance of these segments based on income (loss) from operations, as well as other factors, that depend on the development status of these geographies. Such measures include the progress of its research and development activities, collaboration and licensing efforts, commercialization activities and other factors. The reportable segments have historically derived their revenue from joint collaboration and strategic alliance agreements. Transactions between the segments consist primarily of loans and the provision of research and development services. Following is a summary of financial information by reportable geographic segment:

(In thousands of U.S. dollars)	Americas	Europe	Asia	Consolidated
Three Months Ended March 31, 2012				
Research and development revenue	$ 2,479	$ 3	$ 103	$ 2,585
Product royalty revenue	10,928	-	-	10,928
Co-promotion revenue	766	-	-	766
Contract and collaboration revenue	141	13	13	167
Total revenues	14,314	16	116	14,446
Research and development expenses	822	1,517	1,013	3,352
Depreciation and amortization	120	220	10	350
Other operating expenses	10,053	716	297	11,066
Loss from operations	3,319	(2,437)	(1,204)	(322)
Interest income	18	2	-	20
Interest expense	-	(550)	(42)	(592)
Other non-operating income (expense), net	75	190	1,009	1,274
Loss before income taxes	$ 3,412	$ (2,795)	$ (237)	$ 380
Capital expenditures	$ 40	$ -	$ -	$ 40
Three Months Ended March 31, 2011				
Research and development revenue	$ 1,448	$ -	$ 516	$ 1,964
Product royalty revenue	9,118	-	-	9,118
Co-promotion revenue	938	-	-	938
Contract and collaboration revenue	141	-	13	154
Total revenues	11,645	-	529	12,174
Research and development expenses	7,326	527	1,367	9,220
Depreciation and amortization	227	5	17	249
Other operating expenses	11,275	304	287	11,866
Income (loss) from operations	(7,183)	(836)	(1,142)	(9,161)
Interest income	69	1	-	70
Interest expense	-	(570)	(41)	(611)
Other non-operating income (expense), net	(4)	(199)	68	(135)
Income (loss) before income taxes	$ (7,118)	$ (1,604)	$ (1,115)	$ (9,837)
Capital expenditures	$ 42	$ 6,000	$ 91	$ 6,133
As of March 31, 2012				
Property and equipment, net	$ 1,279	$ 13	$ 269	$ 1,561
Identifiable assets, net of intercompany loans and investments	$ 118,011	$ 19,168	$ 12,937	$ 150,116
As of December 31, 2011				
Property and equipment, net	$ 1,359	$ 16	$ 294	$ 1,669
Identifiable assets, net of intercompany loans and investments	$ 96,490	$ 47,925	$ 13,154	$ 157,569

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

This Quarterly Report on Form 10-Q contains forward-looking statements regarding Sucampo Pharmaceuticals, Inc. (the "Company," "we," "us," or "our") and our business, financial condition, results of operations and prospects within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements include those that express plans, anticipation, intent, contingency, goals, targets or future development and/or otherwise are not statements of historical fact. These forward-looking statements are based on our current expectations and projections about future events and they are subject to risks and uncertainties known and unknown that could cause actual results and developments to differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this Quarterly Report Form 10-Q and in our other Securities and Exchange Commission, or SEC, filings, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, which we filed with the SEC on March 15, 2012. You should also read the following discussion and analysis of our financial condition and results of operations in conjunction with our Consolidated Financial Statements as of and for the year ended December 31, 2011 included in our Annual Report on Form 10-K.

Overview

We are a global pharmaceutical company focused on the discovery, development and commercialization of proprietary drugs based on prostones and other novel drug technologies. Prostones are a class of fatty acid compounds that occur naturally in the human body as a result of the enzymatic catalysis by 15-Prostaglandin Dehydrogenase (15-PGDH) of eicosanoids, like prostaglandins, and other docosanoid molecules specifically synthesized with 15 position keto groups.

The therapeutic potential of prostones was first identified by one of our founders, Dr. Ryuji Ueno. Our lead compounds primarily act on ClC-2 chloride and BK potassium ion channels. ClC-2 channel activators restore and repair tight junctions, maintain chloride homeostasis and increase fluid transmission across membranes and tissue barriers. BK channel activators are neuroprotective via hyperpolarization of excitable membranes, counteract endothelin-1 induced vasoconstriction, relax vascular smooth muscle cells, increase microvascular circulation, stabilize the mitochondrial membrane and decrease stress induced cell death. Both ClC-2 and BK channel activators have anti-inflammatory properties. Prostones offer a wide-ranging therapeutic potential, particularly for age-related diseases. We are focused on developing prostones to treat gastrointestinal, ophthalmologic, central nervous system, or CNS, vascular and respiratory diseases as well as other potential therapeutic applications.

We generate revenue mainly from product royalties, development milestone payments, and clinical development activities. We expect to continue to incur significant expenses for the next several years as we continue research and development activities and as we seek regulatory approvals for additional indications globally for AMITIZA and RESCULA and other compounds on an international basis.

To date, two prostone products have received marketing approval, AMITIZA and RESCULA. A third prostone, cobiprostone, has been studied in phase II trials in humans. We have filed an orphan drug application for cobiprostone for oral mucositis and we expect a response from the FDA, in the second quarter of 2012. Two other prostones, SPI 017 and SPI 3608, have also been developed for human testing.

AMITIZA is being marketed and developed in the U.S. for gastrointestinal indications under the Takeda Agreement. We are primarily responsible for clinical development activities under the Takeda Agreement while Takeda is responsible for commercialization of AMITIZA. We and Takeda initiated commercial sales of AMITIZA in the U.S. for the treatment of chronic idiopathic constipation, or CIC, in April 2006 and for the treatment of irritable bowel syndrome with constipation in May 2008. AMITIZA is currently being developed for the treatment of opioid bowel dysfunction, or OBD or opioid-induced constipation. Takeda also holds marketing rights to AMITIZA in Canada, but has not yet commercialized it there.

We await the outcome of the arbitration hearing before the International Chamber of Commerce, or ICC, on our claims against Takeda for failure to use its best efforts to promote, market and sell as well as maximize net sales revenue of AMITIZA under the Takeda Agreement. The arbitration proceeding concluded on December 20, 2011. The ICC has notified us that the date on which it renders its decision has been extended from April 30, 2012 to May 31, 2012 though the decision may not be issued on that date.

In Japan, lubiprostone is being developed under the Abbott Agreement for the CIC indication for lubiprostone in Japan. We have filed a NDA for AMITIZA for the treatment of CIC in Japan with PMDA. We anticipate a decision by the PMDA and the conclusion of pricing negotiations with MHLW in 2012. We continue to negotiate with third parties for development and commercialization rights to the OBD indication, and Abbott will have 45 days to meet the terms and conditions of any third party bona fide offer.

In Europe we have started to market AMITIZA, on a limited basis, in Switzerland in February 2012 while we continue discussions with the Swiss Federal Office of Public Health for pricing approval. In the U.K., we expect a decision in the third quarter of 2012 by MHRA for approval of AMITIZA to treat CIC. In the meantime AMITIZA is being made available through a Named Patient Program in the EU, Iceland and Norway. We continue to evaluate the opportunities in the E.U.

We hold license agreements for RESCULA, in the United States and Canada and the rest of the world, with the exception of Japan, Korea, Taiwan and the People's Republic of China. In the U.S., our discussions with the FDA under the sNDA have resulted in a FDA complete response letter that recommended improvements to the label. These improvements include removal of second line therapy language to enable first line use, removal of the prostaglandin description, and inclusion of BK potassium channel and ClC-2 chloride channel activator to the mechanism of action section. However we will continue to seek further revisions to the label to more accurately reflect current scientific understanding through the FDA's administrative appeal process. We anticipate agreement on the final RESCULA label during the third quarter of this year. We plan to re-launch RESCULA in the U.S. for its approved indication after resolution of the appeal. We are also evaluating the opportunities to obtain an appropriate label in the E.U. and other European countries as well as obtaining reauthorization in those countries to commercialize unoprostone isopropyl. We are evaluating conducting a phase 2a clinical trial in possibly to commence 2012 of unoprostone isopropyl for the indication of dry age-related macular degeneration, or dry AMD. If this study is successful, there would be a need for further studies to be completed that may take several years before commercialization.

Our operations are conducted through subsidiaries based in Japan, the United States, Switzerland, the United Kingdom and Luxembourg. Our reportable geographic segments are Asia, the Americas and Europe and we evaluate the performance of these segments based primarily on income (loss) from operations, as well as other factors that depend on the development status of these subsidiaries. Such measures include the progress of research and development activities, collaboration and licensing efforts, commercialization activities and other factors.

Drs. Ryuji Ueno and Sachiko Kuno, together, directly or indirectly, own a majority of the stock of R-Tech. Drs. Ueno and Kuno also are our controlling stockholders and are married to each other. Dr. Ueno is our Chief Executive Officer and Chairman of the board of directors. Dr. Kuno is a member of our board of directors and our executive advisor on international business development.

Our Clinical Development Programs

We are developing prostone compounds for the treatment of a broad range of diseases. The most advanced of these programs are:

AMITIZA in the United States and Canada

We currently are pursuing development of a third gastrointestinal indication of AMITIZA for the treatment of OBD or OIC, in patients with chronic non-cancer pain, a constipation-related gastrointestinal indication. We will submit a sNDA, for the OBD or OIC indication in the second quarter of 2012.

AMITIZA in Japan

In September 2010, we submitted a NDA, in Japan with PMDA for lubiprostone at a dosage strength of 24 micrograms for the indication of CIC. We have had the final label meetings with PMDA and anticipate a decision by the MHLW on the NDA by the end of the second quarter of 2012.

AMITIZA in other territories

In Europe, we have submitted a filing for approval of AMITIZA to treat CIC in the U.K, responded to questions from the MHRA and expect a decision in the third quarter of 2012. If we receive approval in the U.K., we will seek approval in other European countries following the mutual recognition procedure. We will also seek approval this year for OBD or OIC in European countries.

RESCULA

Under our 2009 R-Tech Agreement and 2011 R-Tech Agreement, we hold the exclusive rights to commercialize and develop RESCULA worldwide except for Japan, Korea, Taiwan and the People's Republic of China for its approved indication and all new ophthalmic indications developed by us. We plan to file for an appropriate label in the E.U. and other European countries as well as obtaining reauthorization in those countries to commercialize unoprostone isopropyl by the end of the year. We also seek to develop new formulations using third party proprietary drug delivery technologies. We are exploring research programs with those third parties.

Our discussions with the FDA have resulted in changes to the U.S. label for RESCULA but we are pursuing an administrative appeal within the FDA to seek further changes. We anticipate the resolution of such appeal in 2012. We plan to re-launch RESCULA in the U.S. for its approved indication after the resolution of the appeal within the FDA for additional changes to the mechanism of action section of the label to reflect current scientific knowledge.

Product Pipeline

The table below summarizes the development status of AMITIZA, RESCULA and several other prostone-based product candidates. We currently hold all of the commercialization rights to the prostone compounds in our product pipeline, other than for commercialization of AMITIZA in the U.S., Canada and Japan, which is covered by our collaboration and license agreements with Takeda and Abbott, and for RESCULA, for which we hold all rights except in the R-Tech Territories. Commercialization may be several years after successful completion of studies.

Product/Product Candidate	Target Indication	Development Phase	Next Milestone
AMITIZA ® (lubiprostone)	Chronic idiopathic constipation (CIC) (adults of all ages)	Marketed in the U.S.	_____
		Marketed in Switzerland	Pricing negotiations with government ongoing
		Marketing Authorization Application (MAA) submitted in 2011 in UK	MAA approval
		New Drug Application (NDA) submitted in 2010 to authorities (PMDA) in Japan, and updated in early 2011 with results of long-term safety study	Approval of NDA, to be followed by pricing negotiations with government
	Irritable bowel syndrome with constipation (adult women) (IBS-C)	Marketed in the U.S.	Initiate phase 4 study on higher dosage and with additional male subjects
	Pediatric constipation	Open-labeled clinical study completed in patients 3–17 years	Initiate well-controlled phase 3 clinical studies
	Inflammatory bowel disease (IBD)	Preclinical	_____
	Opioid-induced bowel dysfunction (OBD) or opioid-induced constipation (OIC) in patients with chronic non-cancer pain	Phase 3 completed	NDA submission (U.S. and E.U.)
	Opioid-induced bowel dysfunction (OBD) in cancer patients	Phase 3 clinical trial design underway	Initiation of phase 3 clinical trial
RESCULA ® (unoprostone isopropyl)	Dry age-related macular degeneration (dry AMD)	Phase 2a completed	Analyze results
		Phase 2b clinical trial design underway	Initiate Phase 2b study
	Glaucoma and ocular hypertension	Approved in the U.S.	Label update in the U.S. and reauthorization in the E.U. and Switzerland
	Retinitis pigmentosa	Orphan drug status achieved in the U.S.	Awaiting results of additional R-Tech trial in this indication
Cobiprostone	*Gastrointestinal* Oral mucositis	Formulation development	Initiate phase 1a/b studies
	Prevention of non-steroidal anti-inflammatory drug (NSAID)-induced ulcers	Phase 2 completed	Evaluating phase 2 results
	Inflammatory bowel disease (IBD)	Preclinical	Evaluating preclinical results
	Pulmonary Chronic obstructive pulmonary disease (COPD)	Preclinical	Evaluating next steps
	Cystic Fibrosis	Phase 2a completed	Evaluating next steps
	Dermatology Wound Healing	Preclinical	Evaluating next steps
SPI-3608	Spinal stenosis	Preclinical	Initiate phase 1 trial
SPI-017	Spinal stenosis	Phase 1 completed	Evaluating phase 2 design

Peripheral arterial disease (PAD)	Phase 1 completed	Evaluating phase 2 design

Results of Operations

Comparison of three months ended March 31, 2012 and March 31, 2011

Revenues

The following table summarizes our revenues for the three months ended March 31, 2012 and 2011:

	Three Months Ended March 31,	
(In thousands of U.S. dollars)	**2012**	**2011**
Research and development revenue	$ 2,585	$ 1,964
Product royalty revenue	10,928	9,118
Co-promotion revenue	766	938
Contract and collaboration revenue	167	154
Total	$ 14,446	$ 12,174

Total revenues were $14.4 million for the three months ended March 31, 2012 compared to $12.2 million for the three months ended March 31, 2011, an increase of $2.2 million or 18.7%.

Research and development revenue

Research and development revenue was $2.6 million for the three months ended March 31, 2012 compared to $2.0 million for the three months ended March 31, 2011, an increase of $621,000 or 31.6%. The increase in R&D revenue was primarily due to revenue associated with the ongoing third phase 3 clinical trial of lubiprostone for OBD and re-monitoring costs for previous trials. The revenue recognized under the Abbott Agreement decreased to $103,000 for the three months ended March 31, 2012 from $516,000 for the three months ended March 31, 2011. We are recognizing the revenue from the payments from Abbott using a percentage-of-completion model over the estimated term of the CIC development program. The revenue recognized under the Takeda Agreement increased to $2.5 million for the three months ended March 31, 2012 from $1.4 million for the three months ended March 31, 2011.

Product royalty revenue

Product royalty revenue represents royalty revenue earned on net sales of AMITIZA in the United States. Product royalty revenue was $10.9 million for the three months ended March 31, 2012 compared to $9.1 million for the three months ended March 31, 2011, an increase of $1.8 million or 19.9%. The increase in product royalty revenue was primarily due to a 19.8% increase in net sales of AMITIZA. Net sales of AMITIZA as reported to us by our partner, increased 19.8%, to $60.7 million, for the first quarter of 2012, compared to $50.7 million in the same period of 2011. The 19.8% increase in AMITZA net sales was primarily due to both volume and price increases compared to the first quarter of 2011, as reported to us by our partner.

Co-promotion revenue

Co-promotion revenues represent reimbursement by Takeda of co-promotion costs for our specialty sales force. Co-promotion revenue was $766,000 for the three months ended March 31, 2012 compared to $938,000 for the three months ended March 31, 2011, a decrease of $172,000 or 18.3%, as a result of a change in the method of reimbursement following the ending of the applicable provision in the Supplemental Takeda Agreement.

Research and Development Expenses

The following summarizes our research and development expenses for the three months ended March 31, 2012 and 2011:

(In thousands of U.S. dollars)	Three Months Ended March 31, 2012	2011
Direct costs:		
Lubiprostone	$ 749	$ 6,980
Cobiprostone	457	176
SPI-017	106	80
Unoprostone isoproypl	784	683
Other	815	819
Total	2,911	8,738
Indirect costs	441	482
Total	$ 3,352	$ 9,220

Total research and development expenses for the three months ended March 31, 2012 were $3.3 million compared to $9.2 million for the three months ended March 31, 2011, a decrease of $5.9 million or 63.6%. The decrease was primarily due to higher expenses in 2011, associated with initiating the additional phase 3 trial of lubiprostone for OBD patients.

General and Administrative Expenses

The following summarizes our general and administrative expenses for the three months ended March 31, 2012 and 2011:

(In thousands of U.S. dollars)	Three Months Ended March 31, 2012	2011
Salaries, benefits and related costs	$ 2,026	$ 1,761
Legal, consulting and other professional expenses	3,118	6,604
Stock-based compensation	518	124
Other expenses	1,665	1,208
Total	$ 7,327	$ 9,697

General and administrative expenses were $7.3 million for the three months ended March 31, 2012, compared to $9.7 million for the three months ended March 31, 2011, a decrease of $2.4 million or 24.4%. The decrease in legal, consulting and other professional expenses relates primarily to lower costs incurred in connection with the on-going legal matters, including our dispute with Takeda which effectively concluded in December 2011 and a contract research organization, as discussed in Item 1 of Part II of this Quarterly Report on Form 10-Q.

Selling and Marketing Expenses

Selling and marketing expenses represent costs we incur to co-promote AMITIZA, including salaries, benefits and related costs of our sales force and other sales and marketing personnel, and represent costs of market research and analysis and other selling and marketing expenses. Selling and marketing expenses were $4.1 million for the three months ended March 31, 2012, compared to $2.4 million for the three months ended March 31, 2011, an increase of $1.7 million or 69.1%. The increase in selling and marketing expenses relates primarily to some pre-commercialization activities for AMITIZA. Part of the AMITIZA co-promotion expenses are funded by Takeda and recorded as co-promotion revenue in the event of a favorable arbitration decision.

Non-Operating Income and Expense

The following table summarizes our non-operating income and expense for the three months ended March 31, 2012 and 2011:

(In thousands of U.S. dollars)	Three Months Ended March 31, 2012	2011
Interest income	$ 20	$ 70
Interest expense	(592)	(611)
Other income (expense), net	1,274	(135)
Total	$ 702	$ (676)

Interest income was $20,000 for the three months ended March 31, 2012, compared to $70,000 for the three months ended March 31, 2011, a decrease of $50,000, or 71.4%. The decrease was primarily due to lower prevailing interest rates earned by our investments and lower cash balances.

Interest expense was $592,000 for the three months ended March 31, 2012, compared to $611,000 for the three months ended March 31, 2011, a decrease of $19,000, or 3.1%.

Other income was $1.3 million for the three months ended March 31, 2012, compared to other expense of $135,000 for the three months ended March 31, 2011, an increase of $1.4 million. The majority of the increase belongs to foreign exchange gains that are unrealized and non-cash and that relate to amounts held within subsidiaries.

Income Taxes

We recorded a tax provision of $2.3 million and a tax benefit of $2.9 million, for three months ended March 31, 2012 and 2011, respectively. The tax provision for the three months ended March 31, 2012 primarily related to taxable income generated by our U.S. and Japanese subsidiaries. The tax benefit for the three months ended March 31, 2011 primarily related to the taxable loss generated by our U.S. subsidiary.

Reportable Geographic Segments

We have determined that we have three reportable segments based on our method of internal reporting, which disaggregates business by geographic location. These segments are the Americas, Europe and Asia. We evaluate the performance of these segments based primarily on income (loss) from operations, as well as other factors, including the progress of research and development activities. The financial results in these three segments based on geographic locations for the three months ended March 31, 2012 are summarized in the table below.

The financial results of our segments reflect their varying stages of development. Our Americas segment recorded income before taxes of $3.4 million for the three months ended March 31, 2012 compared to loss before taxes of $7.1 million for the three months ended March 31, 2011. These results primarily reflect lower expenses associated with research and development and legal expenses as well as an increase in royalty revenues.

Our segment in Europe recorded a loss before taxes of $2.8 million for the three months ended March 31, 2012 compared to loss before taxes of $1.6 million for the three months ended March 31, 2011. These results primarily reflect an increase in research and development costs.

Our segment in Asia recorded a loss before taxes of $237,000 for the three months ended March 31, 2012 compared to a loss before taxes of $1.1 million during the three months ended March 31, 2011. These results primarily reflect the effect of foreign currency fluctuations during the three months ended March 31, 2012.

(In thousands of U.S. dollars)	Americas	Europe	Asia	Consolidated
Three Months Ended March 31, 2012				
Total revenues	$ 14,314	$ 16	$ 116	$ 14,446
Income (loss) before taxes	3,412	(2,795)	(237)	380
Three Months Ended March 31, 2011				
Total revenues	$ 11,645	$ -	$ 529	$ 12,174
Income (loss) before taxes	(7,118)	(1,604)	(1,115)	(9,837)
Identifiable assets				
As of March 31, 2012	$ 118,011	$ 19,168	$ 12,937	$ 150,116
As of December 31, 2011	96,490	47,925	13,154	157,569

Liquidity and Capital Resources

Sources of Liquidity

We require cash principally to meet our operating expenses. We finance our operations principally from cash generated from revenues, cash and cash equivalents on hand and to a lesser extend from the sale of securities through the exercise of stock options. Revenues generated from operations principally consist of a combination of upfront payments, milestone and royalty payments and research and development expense reimbursements received from Takeda, Abbott and other parties.

Our cash, cash equivalents, restricted cash and investments consist of the following:

(In thousands of U.S. dollars)	March 31, 2012	December 31, 2011
Cash and cash equivalents	$ 55,504	$ 50,662
Restricted cash	15,113	15,113
Restricted cash, non-current	2,216	2,129
Investments, current	19,666	24,452
Investments, non-current	-	998
Total	$ 92,499	$ 93,354

Our cash and cash equivalents are deposits in operating accounts and highly liquid investments with a maturity at time of purchase of 90 days or less.

As of March 31, 2012 and December 31, 2011, our restricted cash consisted primarily of the collateral to SPL's loan with The Bank of Tokyo-Mitsubishi UFJ, Ltd. and with Numab's loan with Zurcher Kantonalbank and operating leases with certain financial institutions.

As of March 31, 2012, our short-term investments consisted of U.S. government agencies securities, U.S. commercial paper, and municipal and corporate bonds that have short-term maturities of one year or less. We did not have any non-current investments at March 31, 2012.

Cash Flows

The following table summarizes our cash flows for the three months ended March 31, 2012 and 2011:

(In thousands of U.S. dollars)	Three Months Ended March 31, 2012	2011
Cash provided by (used in):		
Operating activities	$ 4,807	$ (6,047)
Investing activities	2,278	4,660
Financing activities	51	3
Effect of exchange rates	(2,294)	499
Net decrease in cash and cash equivalents	$ 4,842	$ (885)

Three Months Ended March 31, 2012

Net cash provided by operating activities was $4.8 million for the three months ended March 31, 2012. This reflected a net loss of $1.9 million as well as changes in other operating assets and liabilities.

Net cash provided by investing activities of $2.3 million for the three months ended March 31, 2012 primarily reflected our proceeds from the sales and maturities of investments, offset in part by purchases of investments and intangible assets.

Net cash provided by financing activities of $51,000 for the three months ended March 31, 2012 resulted from the proceeds received from the exercise of stock options and proceeds we received under our employee stock purchase plan.

The effect of exchange rates on the cash balances of currencies held in foreign denominations for three months ended March 31, 2012 was a decrease of $2.3 million.

Three Months Ended March 31, 2011

Net cash used in operating activities was $6.0 million for the three months ended March 31, 2011. This reflected a net loss of $6.9 as well as changes in other operating assets and liabilities.

Net cash provided by investing activities of $4.7 million for the three months ended March 31, 2011 primarily reflected our proceeds from the sales and maturities of investments, offset in part by purchases of investments and intangible assets.

Net cash provided by financing activities of $3,000 for the three months ended March 31, 2011 resulted from the proceeds we received under our employee stock purchase plan.

The effect of exchange rates on the cash balances of currencies held in foreign denominations for three months ended March 31, 2011 was an increase of $0.5 million.

Off-Balance Sheet Arrangements

As of March 31, 2012, we did not have any off-balance sheet arrangements, as such term is defined in Item 303(a)(4) of Regulation S-K under the Securities Act of 1933, as amended.

Funding Requirements

On December 11, 2008, we announced a stock repurchase program pursuant to which we are authorized to purchase up to $10.0 million of our class A common stock from time to time in open market transactions. During 2011, we repurchased 186,987 shares of our class A common stock under this program at a cost of $700,042. During the quarter ended March 31, 2012, we did not purchase any shares of our class A common stock under this program.

We may need substantial amounts of capital to continue growing our business. We may require this capital, among other things, to fund:

- staff, development and commercialization activities in the event of a favorable arbitration award in our dispute with Takeda;
- our share of the on-going development program of AMITIZA in the U.S.;
- development, regulatory and marketing efforts in Europe and Asia for lubiprostone;
- development and regulatory activities for unoprostone isopropyl in the U.S. and Canada and other countries except Japan, Korea, Taiwan and The People’s Republic of China;
- development, marketing and manufacturing activities at SAG;

- activities to resolve our on-going legal matters;
- the costs involved in obtaining and maintaining proprietary protection for our products, technology and know-how, including litigation costs and the results of such litigation;
- research and development activities for other prostone compounds, including cobiprostone and SPI-017;
- other business development activities, including partnerships, alliances and investments in or acquisitions of other businesses, products and technologies;
- the expansion of our commercialization activities including the purchase of inventory;
- continuing purchase of shares of our class A common stock up to $2.0 million pursuant to the recently implemented repurchase program, and if we elect to do so, increasing the repurchase program up to $10.0 million previously approved by our Board;
- the satisfaction of the conditions of our loan note obligations; and
- the growth from AMITIZA and RESCULA.

The timing of these funding requirements is difficult to predict due to many factors, including the outcomes of our preclinical and clinical research and development programs and when those outcomes are determined, the timing of obtaining regulatory approvals and the presence and status of competing products. Our capital needs may exceed the capital available from our future operations, collaborative and licensing arrangements and existing liquid assets. Our future capital requirements and liquidity will depend on many factors, including, but not limited to:

- the future expenditures we may incur to increase revenue from AMITIZA or in our dispute with Takeda;
- if we prevail in our arbitration with Takeda we may need to assume the responsibility for the commercialization of AMITIZA in the U.S. and Canada;
- the cost and time involved to pursue our research and development programs;
- our ability to establish collaborative arrangements and to enter into licensing agreements and contractual arrangements with others; and
- any future change in our business strategy.

To the extent that our capital resources may be insufficient to meet our future capital requirements, we may need to finance our future cash needs through public or private equity offerings, debt financings or corporate collaboration and licensing arrangements. At March 31, 2012, we have sufficient liquidity for the next 12 months.

Additional equity or debt financing, grants or corporate collaboration and licensing arrangements may not be available on acceptable terms, if at all. If adequate funds are not available, we may be required to delay, reduce the scope of or eliminate our research and development programs, reduce our planned commercialization efforts or obtain funds through arrangements with collaborators or others that may require us to relinquish rights to certain product candidates that we might otherwise seek to develop or commercialize independently. In addition, any future equity funding would dilute the ownership of our stockholders.

Effects of Foreign Currency

We currently incur a portion of our operating expenses in the Switzerland, Japan and U.K. The reporting currency for our Condensed Consolidated Financial Statements is U.S. dollars. As such, the results of our operations could be adversely affected by changes in exchange rates either due to transaction losses, which are recognized in the statement of operations, or translation losses, which are recognized in comprehensive income. We currently do not hedge foreign exchange rate exposure via derivative instruments.

Recent Accounting Pronouncements

Recent accounting pronouncements applicable to our financial statements are described in Note 2 to the accompanying Condensed Consolidated Financial Statements included in Item 1 of Part I of this Quarterly Report on Form 10-Q.

Item 3. ***Quantitative and Qualitative Disclosures about Market Risk***

Foreign Exchange Risk

We are subject to foreign exchange risk for revenues and expenses denominated in foreign currencies. Foreign currency risk arises from the fluctuation of foreign exchange rates and the degree of volatility of these rates relative to the United States dollar. We do not believe that we have any material risk due to foreign currency exchange. We do not currently hedge our foreign currency transactions.

Interest Rate Risk

Our exposure to market risks associated with changes in interest rates relates primarily to the increase or decrease in the amount of interest income earned on our investment portfolio. We ensure the safety and preservation of invested funds by attempting to limit default risk, market risk and reinvestment risk. We attempt to mitigate default risk by investing in investment grade securities. A hypothetical one percentage point decline in interest rates would not have materially affected the fair value of our interest-sensitive financial instruments as of March 31, 2012.

We do not use derivative financial instruments for trading or speculative purposes. However, we regularly invest excess cash in overnight repurchase agreements that are subject to changes in short-term interest rates. We believe that the market risk arising from holding these financial instruments is minimal.

Credit Risk

Our exposure to credit risk consists of cash and cash equivalents, restricted cash, investments and receivables. We place our cash, cash equivalents and restricted cash with what we believe to be highly rated financial institutions and invest the excess cash in highly rated investments. As of March 31, 2012 and December 31, 2011, approximately 13.8% and 16.7%, respectively, of our cash, cash equivalents, restricted cash and investments is issued or insured by the federal government or government agencies. We have not experienced any losses on these accounts related to amounts in excess of insured limits.

Item 4. ***Controls and Procedures***

a) Evaluation of Disclosure Controls and Procedures

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended) as of March 31, 2012. In designing and evaluating such controls, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the benefits of possible controls and procedures relative to their costs. Based upon the evaluation we carried out, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2012, our disclosure controls and procedures were effective to provide reasonable assurance that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified under the applicable rules and forms of the Securities and Exchange Commission, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

b) Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Part II — OTHER INFORMATION

Item 1. ***Legal Proceedings.***

As previously reported in our Annual Report on Form 10-K, we submitted for filing with the ICC, a demand for arbitration under the applicable provisions of the Takeda Agreement, which specify that New York law will govern the procedural and substantive aspects of the arbitration. We had filed a motion for interim relief with the arbitration panel to restrain Takeda from making major unilateral decisions prior to the final arbitrational decision, which the arbitration panel denied. Under a recent order from the ICC, the final arbitration decision date was extended until May 31, 2012 though the decision may not be issued on that date. After the final arbitration award issues, one or both parties will file a court action seeking confirmation of the award. We have undertaken substantial planning in the event there is a favorable arbitration award. It is not known if the issuance of the ICC arbitration decision will remain on schedule or how long the court confirmation proceedings will take to conclude. We have spent and expect to spend significant resources in the dispute with Takeda, and these arbitration matters may require the continuing attention of our senior management.

Item 1A. ***Risk Factors.***

Our business is subject to certain risks and events that, if they occur, could adversely affect our financial condition and results of operations and the trading price of our common stock. For a discussion of these risks, please refer to the “Risk Factors” section of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed by us with the SEC on March 15, 2012. There have not been any material changes from the risk factors as previously disclosed in our Form 10-K.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds.***

None.

Item 3. ***Defaults Upon Senior Securities.***

None.

Item 4. ***Mine Safety Disclosures.***

None.

Item 5. ***Other Information.***

None.

Item 6. ***Exhibits***

(a) Exhibits

Exhibit Number	Description	Reference
3.1	Certificate of Incorporation	Exhibit 3.1 to the Company's Current Report on Form 8-K (filed December 29, 2008)
3.2	Certificate of Amendment to Certificate of Incorporation	Exhibit 3.2 to the Company's Current Report on Form 8-K (filed December 29, 2008)
3.3	Restated Bylaws	Exhibit 3.3 to the Company's Current Report on Form 8-K (filed December 29, 2008)
4.1	Specimen Stock Certificate evidencing the shares of class A common stock	Exhibit 4.1 to Registration Statement No. 333-135133, Amendment No. 5 (filed February 1, 2007)
31.1	Certification of Principal Executive Officer pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended	Included herewith
31.2	Certification of Principal Financial Officer pursuant to Rules 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as amended.	Included herewith
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Certification accompanies this report and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of §18 of the Securities Exchange Act of 1934, as amended.	Included herewith
32.2	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. This Certification accompanies this report and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed for purposes of §18 of the Securities Exchange Act of 1934, as amended.	Included herewith
10.1	Master Lease Agreement, dated January 31, 2012, between Sucampo AG and Numab AG	Included herewith
101.[INS]†	XBRL Instance Document	Included herewith

101.[SCH]†	XBRL Taxonomy Extension Schema Document	Included herewith
101.[CAL]†	XBRL Taxonomy Extension Calculation Linkbase Document	Included herewith
101.[LAB]†	XBRL Taxonomy Extension Label Linkbase Document	Included herewith
101.[PRE]†	XBRL Taxonomy Extension Presentation Linkbase Document	Included herewith

† Attached as Exhibit 101 to this report are documents formatted in XBRL (Extensible Business Reporting Language). Users of this data are advised that, pursuant to Rule 406T of Regulation S-T, the interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is otherwise not subject to liability under these sections.

SIGNATURES

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

Sucampo Pharmaceuticals, Inc.

May 10, 2012 By: /s/ RYUJI UENO

Ryuji Ueno, M.D., Ph.D., Ph.D.
Chief Executive Officer, Chief Scientific Officer and Chairman of the Board of Directors
(Principal Executive Officer)

May 10, 2012 By: /s/ CARY J. CLAIBORNE

Cary J. Claiborne
Chief Financial Officer
(Principal Financial Officer)

Sucampo Pharmaceuticals, Inc.
Exhibit Index

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MASTER LEASE AGREEMENT

This Master Lease Agreement (“Master Lease”) is made January 31, 2012 (“Effective Date”), between Sucampo AG, a Swiss company, with its principal office at Baarerstrasse 14-16, Zug 6300, Switzerland (the "Lessor") and Numab AG, a Swiss company, with its principal office at Einsiedlerstrasse 34, Wädenswil, CH-8820, Switzerland (the "Lessee").

SECTION 1 DEFINITIONS

“Acceptance Certificate” means a dated document that states that Lessee has tested the functionality of and accepts the Property as set forth in any acceptance certificate signed by the Lessee which is acceptable to Lessor.

“Acceptance Date” shall mean, except as otherwise provided in Section 6(a) hereof, as to the Property designated on any Schedule, the date Lessee accepts the Property as set forth in any Acceptance Certificate.

“Casualty Loss Value” shall mean the value of the loss of one hundred percent functionality of the Property resulting from an identifiable event of a sudden, unexpected, or unusual nature.

"Commencement Date" means, as to the Property designated on any Schedule, where the Acceptance Date for such Schedule falls on the first day of a calendar month, that date, and in any other case, the first day of the calendar month following the calendar month in which such Acceptance Date falls.

“Event of Default” has the definition set forth in Section 15.

“Initial Period” has the definition set forth in Section 3.

“Lease” has the definition set forth in Section 2(b).

“Lessee” has the definition set in the Preamble.

“Lessor” has the definition set in the Preamble.

“Lessor’s Assignee” has the definition set forth in Section 11.

“Lessor’s Damages” has the definition set forth in Section 11(g).

“License” has the definition set forth in Section 6(f).

“Master Lease” has the definition set in the Preamble.

“Monthly Rental” for each Lease shall be defined in the applicable Schedule.

“Property” has the definition set forth in Section 2(a).

“Schedule” has the definition set forth in Section 2(a).

“Software” has the definition set forth in Section 6(f).

“Underwriting” has the definition set forth in Section 11.

SECTION 2 LEASE

a) Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the property (together with all attachments, replacements, parts, substitutions, additions, repairs, accessions and accessories, incorporated therein and/or affixed thereto) (collectively, the "Property") described in any Lease Schedule ("Schedule") executed and delivered by Lessor and Lessee in connection with this Master Lease. A form of Lease Schedule is provided herein as Master Lease Exhibit A.

b) Lessor agrees that it is in the sole competence of Lessee to perform any tests required to assess proper functionality of the Property before such functionality is confirmed by an Acceptance Certificate. Lessor shall not pay any invoices for the Property unless having received the respective Acceptance Certificate from Lessee.

c) Each Schedule shall incorporate by reference the terms and conditions of this Master Lease, and together with the Acceptance Certificate (as defined herein), shall constitute a separate "Lease".

d) In the event of conflict between the provisions of this Master Lease and any Schedule the provisions of the Schedule shall govern.

SECTION 3 TERM OF LEASE

The term of any Lease, as to all Property designated on the applicable Schedule, shall commence on the Acceptance Date for such Property, and shall continue for all "Initial Period" ending that number of months from the Commencement Date as specified in the Schedule. Thereafter, Lessee shall have options to purchase or return the Property or to extend the Lease, all as provided in Section 18(m) of this Master Lease.

Any time during the term of the Lease, Lessee shall have the option to pay all amounts due and to become due under a given Schedule for the full term of the Lease, and upon payment of such amounts, Lessee shall become the sole owner of the Property, the Lease shall terminate and Lessor won’t have any rights under the respective Lease and/or to the respective Property whatsoever.

SECTION 4 RENT AND PAYMENT

a) Lessee shall pay as rent for use of the Property, aggregate rentals equal to the sum of all the Monthly Rentals (defined in the Schedule) and other payments due under the Lease for the entire Initial Period.

b) The Monthly Rental shall begin on the Acceptance Date and shall be due and payable by Lessee in advance of the first day of each month throughout the Initial Period. If the Acceptance Date does not fall on the first day of a calendar month, then the first rental payment shall be calculated by multiplying the number of days from and including the Acceptance Date to the Commencement Date by a daily rental equal to one-thirtieth (1/30) of the Monthly Rental, and shall be due and payable on the Acceptance Date.

c) Lessee shall pay all rentals to Lessor, or its assigns, at Lessor's address set forth above (or as otherwise directed in writing by Lessor, or its assigns), without notice or demand. LESSEE SHALL NOT ABATE, SET OFF OR DEDUCT ANY AMOUNT OR DAMAGES FROM OR REDUCE ANY MONTHLY RENTAL OR OTHER PAYMENT DUE FOR ANY REASON. THIS LEASE IS NON-CANCELABLE FOR THE ENTIRE TERM OF THE INITIAL PERIOD AND ANY EXTENSION PERIODS.

SECTION 5 TAXES

Lessee shall pay to Lessor when due all taxes, fees, assessments and charges paid, payable or required to be collected by Lessor, however designated, which are levied or based on the Monthly Rental or other payment due under the Lease, or on the possession, use, operation, lease, rental, sale, purchase, control or value of the Property, including without limitation, registration and license fees and assessments, state and local privilege or excise taxes, documentary stamp taxes or assessments, sales and use taxes, personal and other property taxes, and taxes or charges based on gross revenue, but excluding taxes based on Lessor's net income (collectively, "taxes"). Lessor shall invoice Lessee for all taxes in advance of their payment due date, and Lessee shall promptly remit to Lessor all taxes upon receipt of an invoice from Lessor. Lessee shall pay all penalties and interest resulting from its failure to timely remit all taxes to Lessor when invoiced by Lessor. Lessor shall file all required sales and use tax and personal property tax returns and reports concerning the Property with all applicable governmental agencies.

SECTION 6 USE; ALTERATIONS AND ATTACHMENTS

a) After Lessee receives and inspects any Property and is satisfied that the Property is satisfactory, Lessee shall execute and deliver to Lessor an Acceptance Certificate in form provided by Lessor; provided, however, that Lessee's failure to execute and deliver an Acceptance Certificate for any Property shall not affect the validity and enforceability of the Lease with respect to the Property.

b) Lessee shall at all times keep the Property in its sole possession and control. The Property shall not be moved from the location stated in the Schedule without the prior written consent of Lessor which consent shall not be unreasonably withheld. Upon any permitted change in location, Lessee hereby authorizes Lessor to file required regulatory or commercial code financing statements, fixture filings, real property waivers, and other filings and recordings as may be deemed necessary, by Lessor. If the nature of the Property is such that it requires frequent removal from the location stated in the Schedule, Lessee may move the Property to another location or locations upon prior written notice to Lessor, subject to the provisions outlined in this subparagraph (b). To the extent the Property includes vehicles, such Property shall be home-based at the location in the Schedule.

c) Lessee shall cause the Property to be installed, used, operated and, at the termination of the Lease, removed (i) in accordance with any applicable manufacturer's manuals or instructions; (ii) by competent and duly qualified personnel only; and (iii) in accordance with applicable governmental regulations.

d) Lessee may not make alterations or attachments that will detrimentally affect the Property's end-of-Initial Period residual value without first obtaining the written consent of Lessor. Any such alterations or attachments shall be made at Lessee's expense and shall not interfere with the normal and satisfactory operation or maintenance of the Property. The manufacturer may incorporate engineering changes or make temporary alterations to the Property upon request of Lessee. Unless Lessor shall otherwise agree in writing, all such alterations and attachments paid by the Lessor shall be and become the property of Lessor upon their attachment to the Property or, at the option of Lessor, shall be removed by Lessee at the termination of the Lease as to such Property and the Property restored at Lessee's expense to its original condition, reasonable wear and tear only excepted.

e) The Property is and shall remain personal property during the term of the Lease notwithstanding that any portion thereof may in any manner become affixed, attached to or located on real property or any building or improvement thereon. Lessee shall not permit the Property to become an accession to other goods or a fixture to or part of any real property. Upon request by Lessor, Lessee will use best efforts to obtain and deliver to Lessor a waiver of liens, in form satisfactory to Lessor, from all persons not a party hereto who might secure an interest, lien or other claim in the Property.

f) In the event the Property includes software (which Lessee agrees shall include all documentation, later versions, updates, upgrades, and modifications) (herein "Software"), the following shall apply: (i) Lessee shall possess and use the Software in accordance with the terms and conditions of any license agreement ("License") entered into with the owner/vendor of such Software and shall not breach the License (at Lessor's request, Lessee shall provide a complete copy of the License to Lessor); (ii) Lessee agrees that Lessor has an interest in the License and Software due to its payment of the price thereof and is an assignee or third-party beneficiary of the License, (iii) as due consideration for Lessor's payment of the price of the License and Software and for providing the Software to Lessee at a lease rate (as opposed to a debt rate), Lessee agrees that Lessor is leasing (and not financing) the Software to Lessee; (iv) except for the original price paid by Lessor, Lessee shall, at its own expense, pay promptly when due all servicing fees, maintenance fees, update and upgrade costs, modification costs, and all other costs and expenses relating to the License and Software and maintain the License in effect during the term of the Lease; and (v) the Software shall be deemed Property for all purposes under the Lease.

g) Lessee shall comply with all applicable laws, regulations, requirements, rules and orders, all manufacturer's instructions and warranty requirements, and with the conditions and requirements of all policies of insurance with respect to the Property and the Lease.

h) The Property is leased solely for commercial or business purposes.

SECTION 7 MAINTENANCE AND REPAIRS; RETURN OF PROPERTY

a) During the continuance of each Lease, Lessee shall, at its own expense, and in accordance with all manufacturer maintenance specifications, (i) keep the Property in good repair, condition and working order; (ii) make all necessary adjustments, repairs and replacements; (iii) furnish all required parts, mechanisms, devices and servicing; and (iv) not use or permit the Property to be used for any purpose for which, in the opinion of the manufacturer, the Property is not designed or reasonably suitable. Such parts, mechanisms and devices shall immediately become a part of the Property for all purposes hereunder and title thereto shall vest in Lessor. If the manufacturer does not provide maintenance specifications, Lessee shall perform all maintenance in accordance with industry standards for like Property.

b) During the continuance of each Lease, Lessee shall, at its own expense, either (i) enter into and maintain in force a contract with the manufacturer or other qualified maintenance organization reasonably satisfactory to Lessor for maintenance of each item of Property that reasonably requires such a contract, or (ii) self-maintain the items of Property in accordance with the manufacturer's standard maintenance manual. Such contract as to each item shall commence upon the Acceptance Date. Lessee shall furnish Lessor with a copy of such contract or provide to Lessor satisfactory evidence of self-maintenance, in Lessor's sole discretion, upon demand.

c) Lessee shall pay all shipping and delivery charges and other expenses incurred in connection with the Property. Upon default, or at the expiration or earlier termination of any Lease, Lessee shall, at its own expense, assemble, prepare for shipment and promptly return the Property to Lessor at the location within Switzerland designated by Lessor. Upon such return, the Property shall be in the same operating order, repair, condition and appearance as of the Acceptance Date, except for reasonable wear and tear from proper use thereof, and shall include all engineering changes theretofore prescribed by the manufacturer. If available, Lessee shall provide maintenance certificates or qualification letters and/or arrange for and pay all costs which are necessary for the manufacturer to accept the Property under contract maintenance at its then standard rates (''recertification''). The term of the Lease shall continue upon the same terms and conditions until such recertification has been obtained. With regard to Software, at the expiration or earlier termination of any Lease, or upon demand by Lessor upon the occurrence of an Event of Default under the Lease, Lessee shall (i) delete from its systems all Software then installed, (ii) destroy all copies or duplicates of the Software which were not returned to Lessor, and (iii) cease using the Software altogether. Upon its receipt from Lessee, Lessor shall be responsible to return the Software to the owner/vendor/licensor so that Lessee shall not be in breach of any software license.

SECTION 8 OWNERSHIP AND INSPECTION

a) The Property shall at all times during the Lease be the property of Lessor or its assigns, and Lessee shall have no right, title or interest therein except as to the use thereof subject to the terms and conditions of the Lease. For purposes of the foregoing, Lessee transfers to Lessor all of Lessee's right, title and interest (including all ownership interest) in and to the Property free and clear of all liens, security interests and encumbrances. Lessor may affix (or require Lessee to affix) tags, decals or plates to the Property indicating Lessor's ownership, and Lessee shall not permit their removal or concealment. Lessee shall not permit the name of any person or entity other than Lessor or its assigns to be placed on the Property as a designation that might be interpreted as a claim of ownership or security interest.

b) LESSEE SHALL KEEP THE PROPERTY AND LESSEE'S INTEREST UNDER ANY LEASE FREE AND CLEAR OF ALL LIENS AND ENCUMBRANCES, EXCEPT THOSE PERMITTED IN WRITING BY LESSOR OR ITS ASSIGNS.

c) Lessor, its assigns and their agents shall have free access to the Property at all reasonable times during normal business hours for the purpose of inspecting the Property.

d) Lessee shall immediately notify Lessor in writing of all details concerning any material damage or loss to the Property, including without limitation, any damage or loss arising from the alleged or apparent improper manufacture, functioning or operation of the Property.

SECTION 9 WARRANTIES

a) Lessee acknowledges that Lessor is not the manufacturer of the Property nor manufacturer's agent nor a dealer therein. The Property is of a size, design, capacity, description and manufacture selected by the Lessee. Lessee is satisfied that the Property is suitable and fit for its purposes. LESSEE AGREES THAT LESSOR HAS NOT MADE AND DOES NOT MAKE ANY WARRANTY OR REPRESENTATION WHATSOEVER, EXPRESS OR IMPLIED, AS TO THE PROPERTY, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OR REPRESENTATION AS TO: (i) THE DESCRIPTION, CONDITION, DESIGN, QUALITY OR PERFORMANCE OF THE PROPERTY OR QUALITY OR CAPACITY OF MATERIALS OR WORKMANSHIP IN THE PROPERTY; (ii) ITS MERCHANTABILITY OR FITNESS OR SUITABILITY FOR A PARTICULAR PURPOSE WHETHER OR NOT DISCLOSED TO LESSOR, AND (iii) DELIVERY OF THE PROPERTY FREE OF THE RIGHTFUL CLAIM OF ANY PERSON BY WAY OF INFRINGEMENT OR THE LIKE. LESSOR EXPRESSLY DISCLAIMS ALL SUCH WARRANTIES. If the Software is not properly installed, does not function as represented or warranted by original licensor, or is unsatisfactory for any reason, Lessee shall make any claim on account thereof solely against original licensor and shall nevertheless pay all sums payable under the Lease, Lessee hereby waiving the right to make any Such claims against Lessor. Lessor shall not be liable to Lessee for any loss, damage or expense of any kind or nature caused, directly or indirectly, by the Property or the use, possession or maintenance thereof, or the repair, service or adjustment thereof, or by any delay or failure to provide any such maintenance, repair, service or adjustment, or by any interruption of service or loss of use thereof (including without limitation, Lessee's use of or right to use any Software) or for any loss of business howsoever caused.

b) NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THE LEASE, LESSOR SHALL NOT, UNDER ANY CIRCUMSTANCES, BE LIABLE TO LESSEE OR ANY THIRD PARTY, FOR CONSEQUENTIAL, INCIDENTAL, SPECIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR RELATED TO THE TRANSACTION CONTEMPLATED HEREUNDER, WHETHER IN AN ACTION BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY) OR ANY OTHER LEGAL THEORY, INCLUDING WITHOUT LIMITATION, LOSS OF ANTICIPATED PROFITS, OR BENEFITS OF USE OR LOSS OF BUSINESS, EVEN IF LESSOR IS APPRISED OF THE LIKELIHOOD OF SUCH DAMAGES OCCURRING.
IT IS EXPRESSLY UNDERSTOOD AND AGREED THAT EACH AND EVERY PROVISION OF ANY LEASE WHICH PROVIDES FOR A LIMITATION OF LIABILITY, DISCLAIMER OF WARRANTIES OR EXCLUSION OF DAMAGES, IS INTENDED BY THE PARTIES TO BE SEVERABLE FROM ANY OTHER PROVISION AND IS A SEPARABLE AND INDEPENDENT ELEMENT OF RISK ALLOCATION AND IS INTENDED TO BE ENFORCED AS SUCH.

c) Lessor assigns to Lessee all assignable warranties on the Property, including without limitation any warranties described in lessor's purchase contract, which assignment shall be effective only (i) during the Initial Period and any extensions thereof, and (ii) so long as no Event of Default exists.

SECTION 10 NET LEASE; LESSEE'S OBLIGATIONS ABSOLUTE AND UNCONDITIONAL

This Master Lease is a "net lease" and, as between Lessor and Lessee, Lessee shall be responsible for and shall indemnify Lessor against, direct costs and expenses related to the Lease or the Property. Lessee agrees that, except in the event that Lessee exercises its option under Section 3 to buy the Property, its obligation to pay Monthly Rental and other obligations under the Lease shall be irrevocable, independent, absolute and unconditional and shall not be subject to any abatement, reduction, recoupment, defense, offset or counterclaim otherwise available to Lessee; nor, except as otherwise expressly provided herein or as agreed to by Lessor in writing, shall this Master Lease terminate for any reason whatsoever prior to the end of the Initial Period.

SECTION 11 ASSIGNMENT BY LESSOR

Lessor may not without prior written consent by Lessee, which consent shall not unreasonably withheld, assign or transfer its rights and interests in the Lease and Property to another party ("Lessor's Assignee") either outright or as security for loans (collectively, the "Underwriting"). Upon notice of any such assignment and instructions from Lessor, Lessee shall pay its Monthly Rental and other payments and perform its other obligations under the Lease to the Lessor's Assignee (or to another party designated by Lessor's Assignee). Upon any such sale or assignment, LESSEE'S OBLIGATIONS TO LESSOR'S ASSIGNEE UNDER THE ASSIGNED SCHEDULE SHALL BE ABSOLUTE AND UNCONDITIONAL AND LESSEE WILL NOT ASSERT AGAINST LESSOR'S ASSIGNEE ANY CLAIM, DEFENSE, OFFSET OR COUNTERCLAIM WHICH LESSEE MIGHT HAVE AGAINST LESSOR. Lessor's Assignee shall have all of the rights but none of the obligations of Lessor under the assigned Lease, and after such assignment Lessor shall continue to be responsible for all of Lessor's obligations under the Lease. Upon any such assignment, Lessee agrees to promptly execute and deliver to Lessor: (i) estoppel certificates, acknowledgments of assignment and other documents requested by Lessor which acknowledge the assignment, affirm provisions of the Lease, or which may be required to effect the Underwriting, and (ii) any commercial code or regulatory required financing statements or precautionary filings as requested.

SECTION 12 RISK OF LOSS ON LESSEE

From the earlier of the date the supplier ships the Property to Lessee or the date Lessor confirms Lessee's purchase order or contract to supplier until the date the Property is returned to Lessor as provided in the Lease. Lessee hereby assumes and shall bear all risk of loss for theft, damage or destruction to the Property, howsoever caused. NO SUCH LOSS OR DAMAGE SHALL IMPAIR ANY OBLIGATION OF LESSEE UNDER THIS LEASE WHICH SHALL CONTINUE IN FULL FORCE AND EFFECT. In the event of damage or loss to the Property (or any part thereof) and irrespective of payment from any insurance coverage maintained by Lessee, but applying full credit therefore, Lessee shall at the option of Lessee, (a) place the Property in good repair, condition and working order; or (b) replace the Property (or any part thereof) with like property of equal or greater value, in good repair, condition and working order and transfer clear title to such replacement property to Lessor whereupon such replacement property shall be deemed the Property for all purposes under the Lease; or (c) pay to Lessor the total rent due and owing at the time of such damage or loss plus all amount which is equal to the Casualty Loss Value .

SECTION 13 INSURANCE

Lessee shall obtain and maintain for the entire term of this Lease, at its own expense, property damage and liability insurance and insurance against loss or damage to the Property including without limitation loss by fire (including so called extended coverage), theft, collision and such other risks of loss as are customarily insured against on the type of Property leased under any Lease and by businesses in which Lessee is engaged, in such amounts, in such form and with such insurers as shall be satisfactory to Lessor; provided, however, that the amount of insurance against loss or damage to the Property shall be equal to or greater than the Casualty Loss Value of such items of Property. Lessee shall furnish to Lessor a certificate of insurance or other evidence satisfactory to Lessor that such insurance coverage is in effect; provided. All insurance covering loss or damage to the Property shall contain a breach of warranty clause satisfactory to Lessor.

SECTION 14 INDEMNIFICATION

Except for the gross negligence or willful misconduct of Lessor, Lessee shall indemnify and hold Lessor harmless from and against any and all claims, , damages, judgments, suits and legal proceedings, and any and all costs and expenses in connection therewith, arising from third parties out of or in any manner connected with or resulting from the Lease, except for non-payment or late payment of the Property. Furthermore, Lessee shall indemnify and hold Lessor harmless from any claims arising out of any insufficiencies or faulty handling of the Property, including, without limitation the manufacture, rejection, non-delivery, transportation, delivery, possession, use, operation, maintenance, condition, return, storage or disposition thereof, including without limitation (a) claims for injury to or death of persons and for damage to property; (b) claims relating to patent, copyright, or trademark infringement, (c) claims relating to latent or other defects in the Property whether or not discoverable by Lessor and (d) claims for wrongful, negligent or improper act or misuse by Lessor. Lessee agrees to give Lessor prompt notice of any such claim or liability. For purposes of this paragraph and any Lease, the term "Lessor" shall include Lessor, its successors and assigns, shareholders, directors, officers, representatives and agents, and the provisions of this paragraph shall survive expiration of any Lease with respect to events occurring prior thereto.

Upon request of Lessor, Lessee shall assume the defense of all demands, claims, or actions, suits and all proceedings against Lessor for which indemnity is provided and shall allow Lessor to participate in the defense thereof. Lessor shall be subrogated to all rights of Lessee for any matter which Lessor has assumed obligation hereunder, and may settle any such demand, claim, or action without Lessee's prior consent, and without prejudice to Lessor's right to indemnification hereunder.

SECTION 15 EVENTS OF DEFAULT

An "Event of Default" shall occur under any Lease if Lessee does any of the following and such breach is not cured to Lessor's satisfaction within thirty (30) days after written notice thereof is provided to Lessee; provided, however, that the thirty (30) day cure period shall not apply for Lessee's breach of Section 15(e) or failure to maintain insurance as required under section 13 hereof:

(a) fails to pay any Monthly Rental or other payment required under the Lease when the same becomes due and payable and such failure continues for thirty (30) days after its due date;

(b) attempts to or does, remove, sell, assign, transfer, encumber, sublet or part with possession of any one or more items of the Property or any interest under any Lease, except as expressly permitted herein, or permits a judgment or other claim to become a lien upon any or all of Lessee's assets or upon the Property;

(c) permits any item of Property to become subject to any levy, seizure, assignment or execution or Lessee abandons any item of Property;

(d) fails to observe or perform any of its covenants and obligations required to be observed or performed under the Lease and such failure continues uncured for twenty (20) days after occurrence thereof, except that the twenty (20) day cure period shall not apply and an Event of Default shall occur immediately upon Lessee's failure to maintain insurance;

(e) breaches any of its representations and warranties made under any Lease, or if any such representations or warranties shall be false or misleading in any material respect;

(f) shall (i) be adjudicated insolvent or a bankrupt, or cease, be unable, or admit in writing its inability, to pay its debts as they mature, or make a general assignment for the benefit of creditors or enter into any composition or arrangement with creditors; (ii) apply for or consent to the appointment of a receiver, trustee or liquidator of it or of a substantial part of its property, or authorize such application or consent, or proceedings seeking such appointment shall be instituted against it without such authorization, consent or application and shall continue undismissed for a period of sixty (60) days; (iii) authorize or file a voluntary petition in bankruptcy or apply for or consent to the application of any bankruptcy, reorganization in bankruptcy, arrangement, readjustment of debt, insolvency, dissolution, moratorium or other similar law of any jurisdiction, or authorize such application or consent or proceedings to such end shall be instituted against it without such authorization, application or consent and such proceeding instituted against it shall continue undismissed for a period of sixty (60) days;

(g) shall suffer a material adverse change in its financial condition which adversely affects Lessee's ability to make rental payments after the date hereof.

SECTION 16 REMEDIES

Upon the occurrence of any Event of Default and at any time thereafter, Lessor may, upon giving notice to Lessee and with or without canceling the Lease, do any one or more of the following:

(a) enforce this Master Lease according to its terms;

(b) refuse to deliver the Property to Lessee;

(c) upon notice to Lessee, cancel this Master Lease and any or all Schedules executed pursuant thereto.

(c) if Lessor determines, in its sole discretion, not to take possession of the Property, Lessor shall continue to be the owner of the Property and may, but is not obligated to, dispose of the Property by sale or otherwise, all of which determinations may be made by Lessor in its sole discretion and for its own account;

(e) declare immediately due and payable all amounts due or to become due hereunder for the full term of the Lease, and upon payment of such amounts, Lessee shall become the sole owner of the Property;

(f) with or without terminating the Lease, recover the Casualty Loss Value of the Property as of the rent payment date immediately preceding the date of default together with all costs and expenses incurred by Lessor in the repossession, recovery, and/or repair of the Property;

(g) upon notice to Lessee and upon Lessee has not given notice within thirty (30) days that it wishes to exercise its option under Section 3 herein, repossess the Property wherever found, with or without legal process, and for this purpose Lessor and/or its agents or assigns may enter upon any premises of or under the control or jurisdiction of Lessee or any agent of Lessee, without liability for suit, action or other proceeding by Lessee (any damages occasioned by such repossession being hereby expressly waived by Lessee) and remove the Property therefrom; Lessee further agrees on demand, to assemble the Property and make it available to Lessor at a place to be designated by Lessor;

(h) upon notice to Lessee and upon Lessee has not given notice within thirty (30) days that it wishes to exercise its option under Section 3 herein, in its sole discretion, re-lease or sell any or all of the Property at a public or private sale on such terms and notice as Lessor shall deem reasonable (such sale may, at Lessor's sole option, be conducted at Lessee's premises), and recover from Lessee liquidated damages for the loss of a bargain and not as a penalty an amount equal to the Lessor's Damages;

(i) if Lessee breaches any of its obligations under Section 7(c) of this Master Lease with regard to Software, Lessee shall be liable to Lessor for additional damages claimed by the Software manufacturer or distributor in an amount equal to the original price paid by Lessor for the Software, and in addition, at Lessor's option. Lessor shall be entitled to injunctive relief;

(j) exercise any other right or remedy which may be available to it under the applicable law;

(k) a cancellation hereunder shall occur only upon notice by Lessor and only as to such items of Property as Lessor specifically elects to cancel and this Lease shall continue in full force and effect as to the remaining items, if any, provided that different items of Property governed by a single Lease Schedule shall always be treated as a single item with respect to this paragraph (k);

(l) (i) by notice to Lessee, declare any license agreement with respect to Software terminated, in which event the right and license of Lessee to use the Software shall immediately terminate, and Lessee shall thereupon cease all use of the Software and return all copies thereof to Lessor or original licensor; and (ii) have access to and disable the Software by any means deemed necessary by Lessor, for which purposes Lessee hereby expressly consents to such access and disablement, promises to take no action that would prevent or interfere with Lessor's ability to perform such access and disablement, and waives and releases any and all claims that it has or might otherwise have for any and all losses, damages, expenses, or other detriment that it might suffer as a result of such access and disablement.

Lessor may exercise any and all rights and remedies available at law or in equity. The rights and remedies afforded Lessor hereunder shall not be deemed to be exclusive, but shall be in addition to any rights or remedies provided by law. Lessor's failure promptly to enforce any right or remedy hereunder shall not operate as a waiver of such right or remedy, and Lessor's waiver of any default shall not constitute a waiver of any subsequent or other default. Lessor may accept late payments or partial payments of amounts due under the Lease and may delay enforcing any of Lessor's rights or remedies hereunder without losing or waiving any of Lessor's rights or remedies under the Lease.

SECTION 17 REPRESENTATIONS AND WARRANTIES

Lessee represents and warrant as follows:

a) If Lessee is a corporation, duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, duly qualified to do business in each jurisdiction where any Property is, or is to be located, and has full corporate power and authority to hold property under lease and to enter into and perform its obligations under any Lease, the execution, delivery and performance by Lessee of any Lease has been duly authorized by all necessary corporate action on the part of Lessee, and is not inconsistent with its Articles of Incorporation or By-Laws or other governing instruments;

b) If Lessee is a partnership, duly organized by written partnership agreement and validly existing in accordance with the laws of the jurisdiction of its organization, duly qualified to do business in each jurisdiction where the Property is, or is to be located, and has full power and authority to hold property under lease and to enter into and perform its obligations under any Lease, the execution, delivery and performance by Lessee of any Lease has been duly authorized by all necessary action on the part of the Lessee, and is not inconsistent with its partnership agreement or other governing instruments. Upon request, Lessee will deliver to Lessor certified copies of its partnership agreement and other governing instruments and original certificate of partners and other instruments deemed necessary or desirable by Lessor. To the extent required by applicable law, Lessee has filed and published its fictitious business name certificate;

c) The execution, delivery and performance by Lessee of any Lease does not violate any law or governmental rule, regulation, or order applicable to Lessee does not and will not contravene any provision, or constitute a default under any indenture, mortgage, contract, or other instrument to which it is bound and, upon execution and delivery of each Lease, will constitute a legal, valid and binding agreement of Lessee, enforceable in accordance with its terms;

d) No action, including any permits or consents, in respect of or by any state, federal or other governmental authority or agency is required with respect to the execution, delivery and performance by Lessee of any Lease.

Lessor represents and warrants that Lessor is a company, duly organized and validly existing in good standing under the laws of the jurisdiction of its incorporation, duly qualified to do business in such jurisdiction and has full corporate power and authority to enter into and perform its obligations under any Lease, the execution, delivery and performance by Lessor of any Lease has been duly authorized by all necessary corporate action on the part of Lessor, and is not inconsistent with its Articles of Incorporation or By-Laws or other governing instruments.

SECTION 18 GENERAL

a) **Entire Agreement**. Each Schedule shall incorporate the terms and conditions of this Master Lease and, together with the Acceptance Certificate (as defined herein), and any amendments to any of the foregoing documents, shall supersede all prior agreements and constitute the entire understanding and agreement between the Lessor and Lessee with regard to the subject matter hereof and thereof, and there is no understanding or agreement, oral or written, which is not set forth herein or therein.

b) **Time Is of the Essence; Provisions Severability**. Time is of the essence with respect to any Lease. The provisions contained in any agreement shall be deemed to be independent and severable. The invalidity or partial invalidity of any one provision or portion of the Lease under the laws of any jurisdiction shall not affect the validity or enforceability of any other provisions of the Lease. The captions and headings set forth herein are for convenience of reference only and shall not define or limit any of the terms hereof.

c) **Notice**. Notices or demands required to be given hereunder shall be in writing and addressed to the other party at the address herein or such other address provided by written notice hereunder and shall be effective (i) upon the next business day if sent by guaranteed overnight express service (such as Federal Express); (ii) on the same day if personally delivered; or (iii) three days after mailing if sent by certified or registered mail, postage prepaid.

d) **Binding Effect; Survivability**. The provisions of each Lease shall inure to the benefit of and shall bind Lessor and Lessee and their respective permitted successors and assigns. All representations, warranties, covenants and indemnities of Lessee made or agreed to in the Lease or in any certificates delivered in connection therewith shall survive the expiration, termination or cancellation of the Lease for any reason.

e) **Further Assurances; Financing Statements**. Lessee will cooperate with Lessor in protecting Lessor's interests in the Property, the Lease and the amounts due under the Lease, including, without limitation, the execution and delivery of statements and filings, patent and copyright registration documents with respect to proprietary Software (if applicable), and other documents reasonably requested by Lessor. Lessee shall pay all costs of filing any financing, continuation or termination statements with respect to the Property and Lease, including without limitation, any intangibles tax, documentary stamp tax or other similar taxes or charges relating thereto . Lessee will do whatever is reasonably asked for by Lessor to have a statement of the interest of Lessor in the Property noted on any certificate of title relating to the Property and will deposit said certificate with Lessor. Lessee will execute and deliver to Lessor such other documents and written assurances and take such further action as Lessor may request to more fully carry out the implementation, effectuation, confirmation and perfection of the Lease and any rights of Lessor thereunder.

f) **Financial Statements**. Lessee, and any guarantor, shall provide to Lessor a copy of its annual audited financial statements within one-hundred-twenty (120) days after its fiscal year end.

g) **Security Interest**. In the event a court of competent jurisdiction or other governing authority shall determine that the Lease is not a "true lease" or is a lease intended as security or that Lessor (or its assigns) does not hold legal title to or is not the owner of the Property, then the Lease shall be deemed to be a security agreement with Lessee, as debtor, having granted to Lessor, as secured party, a security interest in the Property effective the date of the Lease, and the Property shall secure all duties and obligations of Lessee under any Lease. As security for the performance by Lessee of its duties and obligations under any Lease, Lessee hereby grants to Lessor a security interest in all of Lessee's rights under any license agreement related to any Software, including, without limitation, all of its rights with respect to the Software. With regard to any security interest created hereunder in any of the Property, Lessee consents and agrees that Lessor shall have all of the rights, privileges and remedies of a secured party under the applicable law.

h) **Change in Lessee's Name or Address**. Lessee shall not change its name or address from that set forth above, unless it shall have given Lessor or its assigns no less than thirty (30) days prior written notice.

i) **Covenant of Quiet Possession**. Lessor agrees that so long as no Event of Default has occurred and is continuing, Lessee shall be entitled to quietly possess the Property subject to and in accordance with the terms and conditions of this Master Lease.

j) **Lessee's Options at End of Initial Period**. Before the end of the Initial Period of any Lease, Lessee shall, provided at least thirty (30) days prior written notice is received by Lessor from Lessee via certified mail, do one of the following: (1) purchase the Property for a price set out in the respective Lease Schedule, (2) extend the Lease for twelve (12) additional months at the rate specified on the respective Schedule, or (3) return the Property to Lessor at Lessee's expense to a destination within Switzerland specified by Lessor and terminate the Schedule; provided, however, that for option (3) to apply, all accrued but unpaid late charges, interest, taxes, penalties, and any and all other sums due and owing under the Schedule must first be paid in full, the provisions of Sections 6(c) and (d) and 7(c) hereof must be specifically complied with, and Lessee must enter into a new Schedule with Lessor to lease Property which replaces the Property listed on the old Schedule. With respect to option (3), each party shall have the right in its absolute and sole discretion to accept or reject any terms of any new Schedule, as applicable. In the event Lessor and Lessee have not agreed to option (3) by the end of the Initial Period and the respective Lease Schedule does not contain any predefined purchase terms then option (2) shall apply at the end of the Initial Period. In the event if Lessee fails to give written notice of its option via certified mail until the end of the Initial Period and if the terms for option (1) have been predefined in the respective Lease Schedule, option (1) shall apply by default. At the end of the extension period provided for in option (2) above, the Lease shall continue in effect at the rate specified in the respective Schedule for successive periods of six (6) months each subject to termination at the end of any such successive six-month renewal period by either Lessor or Lessee giving to the other party at least thirty (30) days prior written notice of termination.

k) **Amendment and Modification**. The Lease may not be amended or modified except by a writing signed by a duly authorized representative of each party, but no such amendment or modification needs further consideration to be binding. Notwithstanding the foregoing, Lessee authorizes Lessor to amend any Schedule to identify more accurately the Property (including, without limitation, supplying serial numbers or other identifying data), and such amendment shall be binding on Lessor and Lessee unless Lessee objects thereto within thirty (30) days after receiving notice of the amendment from Lessor.

l) **Joint and Several Liability**. In the event two or more parties execute the Master Lease as Lessee, each party shall be jointly and severally liable for all Lessee representations, warranties, and obligations (including without limitation, payment obligations) under this Master Lease or under any Schedule or other document executed in connection herewith.

m) **Governing Law; Jurisdictions; Language**. This Master Lease shall be governed by and construed in accordance with the laws of Switzerland. The courts of the canton of Zug, Switzerland shall have exclusive jurisdiction over any dispute arising out of or in connection with this Master Lease. This Master Lease is drafted in the English language and the English language interpretation shall rule in all cases.

SECTION 19 WAIVERS

To the extent permitted by applicable law, Lessee hereby waives any and all rights and remedies, including but not limited to Lessee's rights to: (i) cancel the Lease; (ii) repudiate the Lease; (iii) reject the Property; (iv) revoke acceptance of the Property; (v) claim, grant or permit a security interest in the Property in Lessee's possession or control for any reason; and (vi) "cover" by making any purchase or lease of or contract to purchase or lease Property in substitution for those due from Lessor, (vii) No waiver or modification by Lessor of any of the terms and conditions hereof shall be effective unless in writing signed by an officer of Lessor.

SECTION 20 ASSIGNMENT BY LESSEE

LESSEE MAY NOT ASSIGN THIS MASTER LEASE OR ANY OF ITS RIGHTS HEREUNDER OR SUBLEASE THE PROPERTY WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR, NO PERMITTED ASSIGNMENT OR SUBLEASE SHALL RELIEVE LESSEE OF ANY OF ITS OBLIGATIONS HEREUNDER.

BY INITIALING THIS SECTION, LESSEE ACKNOWLEDGES THAT IT HAS READ THE ABOVE PARAGRAPHS UNDER SECTIONS 18, 19 AND 20, AND FULLY UNDERSTANDS THEIR CONTENT AND AGREES TO THEIR PROVISIONS.

Initialed_____

IN WITNESS WHEREOF, the authorized representatives of the Parties have executed this Master Lease:

LESSOR – SUCAMPO AG
By:_____
Name:
Title:
Date:

LESSEE – NUMAB AG
By:_____
Name:
Title:
Date:

MASTER LEASE: Exhibit A

Form of LEASE SCHEDULE

Reference is made to Master Lease Agreement dated January 31, 2012 (the "Master Lease") between SUCAMPO AG (the "Lessor") and NUMAB AG (the "Lessee").

This Lease Schedule [insert number] incorporates:

- Lease Schedule Exhibit A (the "Property Description");
- Lease Schedule Exhibit B (the Acceptance Certificate).

Together, incorporating the terms and conditions of the Master Lease, these constitute a separate "Lease" between Lessor and Lessee. All capitalized terms used herein but not defined herein shall have the same meanings ascribed to them in the Master Lease.

1. Property: [insert brief description of property] as further described in Lease Schedule [number] Exhibit C.

2. Property Location: [insert property location].

3. Acceptance Date: As specified in the Lease Schedule [number] Exhibit B (the Acceptance Certificate)

4. Initial Period: __ months starting on the Commencement Date

5. Monthly Rental: _____[insert monthly cost], plus applicable VAT

6. Deposit: _____ [if any, can be applied to the first Monthly Rental, plus applicable sales tax]

7. Total Cost: [insert total cost]

8. Extension monthly rentals [insert cost]

9. For purposes of this Lease Schedule only, at the end of the Initial Period, Lessee shall have the option to purchase the Property on the last day of the Initial Period for an amount equal to [insert amount], plus applicable sales tax.

10. Representation of Lessee: Lessor and Lessee agree that this Schedule constitutes a "finance lease", in that (a) Lessee has selected the Property in its sole discretion, (b) Lessor has acquired the Property solely for purposes of leasing such Property under this Schedule, and (c) Lessee has received a copy of the contract evidencing Lessor's purchase of the Property.

LESSOR – SUCAMPO AG
By: SAMPLE – not for execution
Name:
Title:
Date:

LESSEE – NUMAB AG
By: SAMPLE – not for execution
Name:
Title:
Date:

LEASE SCHEDULE

EXHIBIT B

(Acceptance Certificate to be inserted behind this placeholder and incorporated herein)

EXHIBIT 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryuji Ueno, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sucampo Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(F)) for the registrant and have:

   (a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2012

/s/ RYUJI UENO
Ryuji Ueno, M.D., Ph.D., Ph.D.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Cary J. Claiborne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sucampo Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(F)) for the registrant and have:

   (a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrants fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2012

/s/ CARY J. CLAIBORNE
Cary J. Claiborne
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Sucampo Pharmaceuticals, Inc. (the "Company") certifies to the best of his knowledge that:

(1) The Annual Report on Form 10-Q for the period ended March 31, 2012 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2012

/s/ RYUJI UENO
Ryuji Ueno, M.D., Ph.D., Ph.D.
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), the undersigned officer of Sucampo Pharmaceuticals, Inc. (the "Company") certifies to the best of her knowledge that:

(1) The Annual Report on Form 10-Q for the period ended March 31, 2012 of the Company (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2012

/s/ CARY J. CLAIBORNE
Cary J. Claiborne
(Principal Financial Officer)