
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of The
Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported)
February 7, 2012**

Pacific Biosciences of California, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34899
(Commission
File Number)

16-1590339
(IRS Employer
Identification No.)

1380 Willow Road
Menlo Park, California 94025
(Address of principal executive offices, including zip code)

(650) 521-8000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On February 7, 2012, Pacific Biosciences of California, Inc. announced its financial results for the fourth quarter and year ended December 31, 2011. A copy of the press release containing the announcement is included as Exhibit 99.1 and is incorporated herein by reference.

This information is intended to be furnished under Item 2.02 of Form 8-K, "Results of Operations and Financial Condition" and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated February 7, 2012 titled "Pacific Biosciences of California Announces Financial Results for the Fourth Quarter and Year Ended December 31, 2011" (furnished and not filed herewith solely pursuant to Item 2.02).

SIGNATURE

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 hereunto duly authorized.

Pacific Biosciences of California, Inc.

By: _____ /s/ SUSAN K. BARNES
Susan K. Barnes
Executive Vice President and Chief Financial Officer

Date: February 7, 2012

EXHIBIT INDEX

Exhibit
Number

Description

99.1 Press Release dated February 7, 2012 titled "Pacific Biosciences of California Announces Financial Results for the Fourth Quarter and Year Ended December 31, 2011" (furnished and not filed herewith solely pursuant to Item 2.02).

**Pacific Biosciences of California, Inc. Announces
Financial Results for the Fourth Quarter and Year Ended December 31, 2011**

Menlo Park, Calif. – February 7, 2012 – Pacific Biosciences of California, Inc. (Nasdaq: PACB) today announced financial results for the fourth quarter and the year ended December 31, 2011.

During the fourth quarter of 2011, the Company recognized revenue from deliveries of its third generation sequencing platform, the PacBio RS, SMRT® cell and reagent consumables, as well as revenue derived from instrument service contracts and grants, totaling \$12.4 million, compared to revenue recognized of \$10.5 million for the third quarter of 2011. Net loss for the quarter decreased to \$22.8 million compared to the \$29.3 million net loss recognized during the third quarter of 2011, which included workforce reduction charges of \$4.9 million.

Gross profit for the fourth quarter totaled \$1.5 million, resulting in a gross margin of 12%, compared to gross profit for the third quarter 2011 of \$3.3 million and a gross margin of 32%. Gross margin for both the fourth and third quarters reflect the margin positive impact of significant instrument component costs that were expensed during prior periods. During development, costs relating to instrument components and manufacturing costs were expensed until commercial production started.

Operating expenses comprised of research and development and selling, general and administrative expenses for the fourth quarter of 2011 totaled \$24.2 million, representing a 26% decrease compared to \$32.8 million for the third quarter. Third quarter operating expenses included \$4.9 million of workforce reduction expense, of which \$3.5 million and \$1.4 million were recorded in research and development and selling, general and administrative expenses, respectively.

Research and development expense during the fourth quarter of 2011 totaled \$12.4 million, representing a 38% decrease compared to \$20.0 million for the third quarter. The reported expense includes non-cash stock-based compensation totaling \$1.7 million and \$1.6 million for the fourth and third quarters of 2011, respectively.

Selling, general and administrative expense during the fourth quarter of 2011 totaled \$11.8 million, representing a 7% decrease compared to \$12.8 million for the third quarter. The reported expense includes non-cash stock-based compensation totaling \$1.6 million and \$1.4 million for the fourth and third quarters of 2011, respectively.

Cash and investments at December 31, 2011 totaled \$177.4 million compared to \$193.7 million at September 30, 2011.

Fiscal Year 2011 Financial Highlights:

For the year ended December 31, 2011, the Company's reported annual revenue of \$33.9 million was derived primarily from the delivery of 48 PacBio RS instruments and related consumable products and product services. Net loss for 2011 decreased 22% to \$109.4 million, compared to a net loss of \$140.2 million for 2010. The decrease in net loss is largely attributable to increased revenue recognized during 2011.

Research and development expenses during fiscal 2011 totaled \$76.1 million, compared to \$111.8 million for fiscal 2010. Research and development expenses for periods prior to the fourth quarter of 2010 include all costs associated with manufacturing operations. Selling, general and administrative expenses during fiscal 2011 increased to \$46.7 million from \$30.1 million for fiscal 2010, reflecting the continued growth of the Company's sales and customer support organizations due to the commercial launch of the PacBio RS in 2011.

The Company's system revenue backlog totaled approximately \$11.0 million as of December 31, 2011, which represents orders for 16 PacBio RS instruments received as of that date. The backlog of 16 instruments reflects the 27 instruments in backlog as of September 30, 2011, 17 deliveries and six bookings during the fourth quarter.

Quarterly Conference Call Information

Management will host a quarterly conference call to discuss its Fourth Quarter 2011 results today at 3:00pm Eastern / 12:00pm Pacific. Investors may listen to the call by dialing 866.700.0161, or if outside the U.S., by dialing +1.617.213.8832, and entering passcode 391.807.81. The call will be webcast live and will be available for replay at Pacific Biosciences' website at <http://investor.pacificbiosciences.com/>.

Forward-Looking Statements

This press release contains forward-looking statements relating to the Company's operations and operating results, including statements relating to the Company's revenue. You should not place undue reliance on these forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond the Company's control and that could materially affect actual results. Factors that could materially affect actual results can be found in Pacific Biosciences of California's filings with the Securities and Exchange Commission, including the most recently filed Quarterly Report on Form 10-Q, including those listed under the caption "Risk Factors." Pacific Biosciences of California expressly disclaims any intent or obligation to update these forward-looking statements, except as required by law.

Trevin Rard
650.521.8450
ir@pacificbiosciences.com

Pacific Biosciences of California, Inc.
Unaudited Consolidated Statement of Operations
(amounts in thousands, except share and per share amounts)

	Quarters Ended		
	December 31, 2011	September 30, 2011	December 31, 2010
Revenue:			
Product revenue	\$ 11,519	\$ 9,819	\$ —
Service and other revenue	760	535	—
Grant revenue	165	165	280
Total revenue	<u>12,444</u>	<u>10,519</u>	<u>280</u>
Cost of revenue:			
Cost of product revenue	9,642	6,546	—
Cost of service and other revenue	1,265	645	—
Total cost of revenue	<u>10,907</u>	<u>7,191</u>	<u>—</u>
Gross profit	<u>1,537</u>	<u>3,328</u>	<u>280</u>
Operating expense:			
Research and development	12,415	20,001	26,542
Sales, general and administrative	11,811	12,764	10,327
Total operating expense	<u>24,226</u>	<u>32,765</u>	<u>36,869</u>
Operating loss	(22,689)	(29,437)	(36,589)
Other (expense) income, net	(134)	156	170
Net loss	<u>\$ (22,823)</u>	<u>\$ (29,281)</u>	<u>\$ (36,419)</u>
Basic and diluted net loss per share	<u>\$ (0.42)</u>	<u>\$ (0.54)</u>	<u>\$ (0.97)</u>
Shares used in computing basic and diluted net loss per share	<u>54,860,697</u>	<u>54,283,162</u>	<u>37,651,526</u>

Pacific Biosciences of California, Inc.
Consolidated Statement of Operations
(amounts in thousands, except per share amounts)

	Years Ended	
	December 31, 2011 (unaudited)	December 31, 2010 ⁽¹⁾
Revenue:		
Product revenue	\$ 31,486	\$ —
Service and other revenue	1,487	—
Grant revenue	890	1,674
Total revenue	<u>33,863</u>	<u>1,674</u>
Cost of revenue:		
Cost of product revenue	18,725	—
Cost of service and other revenue	2,104	—
Total cost of revenue	<u>20,829</u>	<u>—</u>
Gross profit	<u>13,034</u>	<u>1,674</u>
Operating expense:		
Research and development	76,080	111,821
Sales, general and administrative	46,710	30,087
Total operating expense	<u>122,790</u>	<u>141,908</u>
Operating loss	(109,756)	(140,234)
Other income, net	368	68
Net loss	<u>\$ (109,388)</u>	<u>\$ (140,166)</u>
Basic and diluted net loss per share	<u>\$ (2.03)</u>	<u>\$ (14.10)</u>
Shares used in computing basic and diluted net loss per share	<u>53,873,928</u>	<u>9,938,411</u>

Note 1: The consolidated statement of operations for the year ended December 31, 2010 has been derived from the audited consolidated financial statements at that date included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.

Pacific Biosciences of California, Inc.
Consolidated Balance Sheets
(amounts in thousands)

	<u>December 31,</u> <u>2011</u> <small>(unaudited)</small>	<u>September 30,</u> <u>2011</u> <small>(unaudited)</small>	<u>December 31,</u> <u>2010</u> ⁽¹⁾
Assets			
Cash and investments	\$ 177,434	\$ 193,696	\$ 283,674
Accounts receivable	4,557	4,434	341
Inventory	15,517	20,262	6,864
Prepaid and other current assets	2,093	1,891	2,235
Total current assets	199,601	220,283	293,114
Property and equipment	18,398	17,359	12,311
Other assets	317	319	322
Total Assets	<u>\$ 218,316</u>	<u>\$ 237,961</u>	<u>\$ 305,747</u>
Liabilities and Stockholders' Equity			
Accounts payable	\$ 4,742	\$ 8,158	\$ 9,515
Deferred revenue	5,852	3,970	3,221
Accrued and other current liabilities	10,398	9,004	8,104
Total current liabilities	20,992	21,132	20,840
Facility financing and other non-current liabilities	5,861	6,145	5,041
Stockholders' equity	191,463	210,684	279,866
Total Liabilities and Stockholders' Equity	<u>\$ 218,316</u>	<u>\$ 237,961</u>	<u>\$ 305,747</u>

Note 1: The consolidated balance sheet at December 31, 2010 has been derived from the audited consolidated financial statements at that date included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010.