
**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 5, 2013**

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 5, 2013, Pacific Biosciences of California, Inc. (the "Company") released its financial results for the year ended December 31, 2012. The Company's Consolidated Balance Sheets (unaudited), Consolidated Statements of Operations and Comprehensive Loss (unaudited) and Consolidated Statements of Cash Flows (unaudited) are included hereto as Exhibits 99.1, 99.2 and 99.3, respectively and are incorporated herein by reference.

Revenue for the year ended December 31, 2012 totaled \$26.0 million compared to \$33.9 million for the year ended December 31, 2011. The Company expects total revenue in 2013 to be higher than total revenue in 2012; however, the Company expects its first quarter of 2013 revenue to decrease sequentially from the fourth quarter of 2012.

The Company's instrument revenue backlog was \$2.9 million as of December 31, 2012 and represents orders for five PacBio RS instruments compared to backlog of \$11.0 million and 16 systems as of December 31, 2011.

Gross profit for the year ended December 31, 2012 totaled \$0.9 million, resulting in a gross margin of 3.6%, compared to a \$13.0 million gross profit for the year ended December 31, 2011 and a gross margin of 38.5%. The gross margin for 2011 reflects the positive margin impact of instrument components expensed prior to the Company's commercial launch during the second quarter of 2011. The Company expects its overall gross margin will remain in the single digits in 2013.

Operating expenses totaled \$95.3 million for the year ended December 31, 2012 compared to \$122.8 million for the year ended December 31, 2011. Operating expenses in 2013 are expected to be \$22 million or less per quarter.

Cash and investments at December 31, 2012 totaled \$100.6 million compared to \$177.4 million at December 31, 2011 reflecting cash usage of \$76.8 million. Cash usage in 2013, excluding the impact of any debt or equity financing, is expected to decrease as compared to 2012.

This current report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including, but not limited to, statements regarding future revenue, future revenue implied by existing backlog, gross margins, operating expenses and cash usage. These statements involve significant risks and uncertainties, including those discussed in the Company's most recently filed Form 10-Q, and in other reports filed by the Company with the Securities and Exchange Commission. Because these statements reflect current expectations concerning future events, actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of many factors. The Company is providing this information as of February 5, 2013. The Company undertakes no duty to update any forward-looking statements to reflect the occurrence of events or circumstances after the date of such statements or of anticipated or unanticipated events that alter any assumptions underlying such statements.

The information set forth in this Item 2.02, as well as Exhibit 99.1, 99.2 and 99.3 referenced therein, shall be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and shall be incorporated by reference into the Company's filings under the Securities Act.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

- 99.1 Consolidated Balance Sheets (unaudited)
- 99.2 Consolidated Statements of Operations and Comprehensive Loss (unaudited)
- 99.3 Consolidated Statements of Cash Flows (unaudited)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Consolidated Balance Sheets (unaudited)
99.2	Consolidated Statements of Operations and Comprehensive Loss (unaudited)
99.3	Consolidated Statements of Cash Flows (unaudited)

PACIFIC BIOSCIENCES OF CALIFORNIA, INC.

Consolidated Balance Sheets
(Unaudited)

<u>(in thousands except per share amounts)</u>	December 31, 2012	December 31, 2011
Assets		
Current assets		
Cash and cash equivalents	\$ 46,540	\$ 58,865
Investments	54,040	118,569
Accounts receivable	2,822	4,557
Inventory, net	9,592	15,517
Prepaid expenses and other current assets	2,006	2,093
Total current assets	115,000	199,601
Property and equipment, net	14,329	18,398
Other long-term assets	354	317
Total assets	<u>\$ 129,683</u>	<u>\$ 218,316</u>
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 2,988	\$ 4,742
Accrued expenses and other current liabilities	8,204	10,258
Deferred revenue, current	3,378	4,236
Facility financing obligation, current	173	140
Total current liabilities	14,743	19,376
Deferred revenue, non-current	800	1,616
Deferred rent and other long-term liabilities	2,145	3,075
Facility financing obligation, non-current	2,613	2,786
Total liabilities	<u>20,301</u>	<u>26,853</u>
Stockholders' equity		
Preferred Stock, \$0.001 par value:		
Authorized 50,000 shares; No shares issued or outstanding at December 31, 2012 and December 31, 2011	—	—
Common Stock and additional paid-in-capital, \$0.001 par value:		
Authorized 1,000,000 shares; Issued and outstanding 56,170 shares at December 31, 2012 and 54,964 shares at December 31, 2011	645,372	632,961
Accumulated other comprehensive income	30	57
Accumulated deficit	(536,020)	(441,555)
Total stockholders' equity	<u>109,382</u>	<u>191,463</u>
Total liabilities and stockholders' equity	<u>\$ 129,683</u>	<u>\$ 218,316</u>

PACIFIC BIOSCIENCES OF CALIFORNIA, INC.
Consolidated Statements of Operations and Comprehensive Loss
(Unaudited)

<u>(in thousands, except per share amounts)</u>	<u>Years Ended December 31,</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Revenue:			
Product revenue	\$ 20,089	\$ 31,486	\$ —
Service and other revenue	4,959	1,487	—
Grant revenue	935	890	1,674
Total revenue	<u>25,983</u>	<u>33,863</u>	<u>1,674</u>
Cost of Revenue:			
Cost of product revenue	18,796	18,725	—
Cost of service and other revenue	6,247	2,104	—
Total cost of revenue	<u>25,043</u>	<u>20,829</u>	<u>—</u>
Gross profit	<u>940</u>	<u>13,034</u>	<u>1,674</u>
Operating Expense:			
Research and development	47,623	76,080	111,821
Sales, general and administrative	47,655	46,710	30,087
Total operating expense	<u>95,278</u>	<u>122,790</u>	<u>141,908</u>
Operating loss	<u>(94,338)</u>	<u>(109,756)</u>	<u>(140,234)</u>
Other income, net	(127)	368	68
Net loss	<u>\$ (94,465)</u>	<u>\$ (109,388)</u>	<u>\$ (140,166)</u>
Basic and diluted net loss per share	<u>\$ (1.69)</u>	<u>\$ (2.03)</u>	<u>\$ (14.10)</u>
Shares used in computing basic and diluted net loss per share	<u>55,733</u>	<u>53,874</u>	<u>9,938</u>
Comprehensive loss	<u>\$ (94,491)</u>	<u>\$ (109,310)</u>	<u>\$ (140,188)</u>

PACIFIC BIOSCIENCES OF CALIFORNIA, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(in thousands)	Years Ended December 31,		
	2012	2011	2010
Cash flows from operating activities			
Net loss	\$ (94,465)	\$(109,388)	\$(140,166)
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization	6,649	5,803	5,160
Stock-based compensation	9,705	12,384	9,690
Other items	287	226	459
Changes in assets and liabilities			
Accounts receivable	1,735	(4,216)	(341)
Inventory	4,761	(11,409)	(6,864)
Prepaid expenses and other assets	1,058	1,874	(1,336)
Accounts payable	(1,754)	(4,773)	3,637
Accrued expenses and other current liabilities	(2,054)	3,044	4,245
Deferred revenue	(1,674)	2,631	3,221
Lease incentives and other long-term liabilities	(1,070)	850	299
Net cash used in operating activities	<u>(76,822)</u>	<u>(102,974)</u>	<u>(121,996)</u>
Cash flows from investing activities			
Purchase of property and equipment	(1,703)	(9,284)	(5,259)
Purchase of investments	(87,889)	(264,071)	(180,964)
Sales of investments	7,896	36,520	—
Maturities of investments	143,488	243,281	47,973
Net cash provided by (used in) investing activities	<u>61,792</u>	<u>6,446</u>	<u>(138,250)</u>
Cash flows from financing activities			
Proceeds from issuance of Convertible Preferred Stock, net	—	—	106,145
Proceeds from issuance of Common Stock	2,705	7,743	212,519
Net cash provided by financing activities	<u>2,705</u>	<u>7,743</u>	<u>318,664</u>
Net (decrease) increase in cash and cash equivalents	(12,325)	(88,785)	58,418
Cash and cash equivalents at beginning of period	58,865	147,650	89,232
Cash and cash equivalents at end of period	<u>\$ 46,540</u>	<u>\$ 58,865</u>	<u>\$ 147,650</u>
Supplemental disclosure of non-cash investing and financing activities			
Assets acquired under facility lease	\$ —	\$ —	\$ 2,971
Additions to property and equipment under tenant improvement allowances	—	—	1,910
Inventory transferred to property and equipment for internal use	1,164	2,756	—
Conversion of convertible preferred stock to common stock upon IPO	—	—	374,965
Reclassification of preferred warrants to common stock warrants	—	—	326
Issuance of common stock related to convertible preferred stock offering	—	—	281
Vesting of stock options related to early exercises	—	780	428