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THQ delays games, looks to raise capital

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Troubled video game publisher THQ has delayed its next three high-profile releases and is seeking to raise new capital in a bid to stay afloat.

The Agoura Hills company said Monday that it is pushing back its widely anticipated game "South Park: The Stick of Truth," which is being made in partnership with the Comedy Central show's creators Matt Stone and Trey Parker, from March 5 to sometime early in its fiscal 2014, which begins April 1.

In addition, it is delaying the shooter games "Company of Heroes 2" and "Metro: Last Light" from early next year to March.

Both "Metro" and "South Park" are being delayed for the second time.

The game delays will result in far less revenue for THQ in its fiscal fourth quarter this winter than previously planned and a capital crunch for the company, which had only \$36.3 million of cash on hand as of Sept. 30. As a result, it is exploring "strategic and financing alternatives," according to a statement, in order to raise more capital.

In particular, the company is seeking to "address" \$100 million of convertible senior notes due next August that it apparently does not expect to be able to pay back on time.

"I firmly believe releasing our fourth-quarter titles without extra time for polish in the current environment would lead to underperformance that could in turn lead to future additional capital shortfalls," THQ President Jason Rubin said in a statement.

"Extending development schedules in order to make the best possible titles also has financial implications. Yet there can be no doubt which path has the greatest chance of leading to the long-term success of the company."

THQ has retained financial advisory firm Centerview Partners to help it raise capital.

Centerview senior advisor Skip Paul has close ties to Rubin, who joined THQ in May. Paul worked with Rubin when he was an executive at Universal Studios and more recently invested in Rubin's digital media start-up Flektor, which was acquired by MySpace.

With the game delays, THQ has withdrawn its financial guidance for the current fiscal year that ends March 31 and did not issue new guidance.

Its shares closed up 6% at \$3.02 on Monday before the game delays and financial news were released.

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