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and Chief Executive Officer

EXHIBIT 99.1

FOR IMMEDIATE RELEASE

MARCH 3, 2005

THE LEATHER FACTORY REPORTS 2004 FINANCIAL RESULTS - RECORD SALES IN 2004 INCREASES 10% OVER 2003

FORT WORTH, TEXAS - The Leather Factory, Inc. (AMEX: TLF) today reported financial results for the year and fourth quarter ended December 31, 2004. Consolidated net income for the quarter was \$739,000 compared to consolidated net income of \$585,000 for the fourth quarter of 2003. Fully diluted earnings per share for the quarter were \$0.06, compared to \$0.05 in the same quarter of the previous year. Total sales for the quarter ended December 31, 2004 increased 17.5% to \$12.4 million from \$10.5 million for the fourth quarter of 2003. Consolidated sales for the year ended December 31, 2004 were \$46.1 million, an increase of 10.6% over total sales of \$41.7 million for 2003. Consolidated net income for 2004 was \$2.6 million or \$0.24 per fully-diluted share versus \$2.7 million or \$0.25 per fully-diluted share for 2003.

Sales in the Tandy Leather store chain for the fourth quarter of 2004 increased \$1.4 million over the previous year's fourth quarter, representing a 49% improvement. Forty-two stores comprised Tandy Leather's retail operations on December 31, 2004, compared to twenty-six retail stores a year earlier. Six stores were added in the fourth quarter of 2004, bringing the total number of new stores added in 2004 to sixteen. For 2004, Tandy Leather sales increased \$4.3 million, or 47%, over 2003.

Fourth quarter sales for the wholesale division, which includes the Leather Factory wholesale centers and national accounts group, increased \$387,000 over the same quarter of 2003, a 5.3% improvement. Excluding national account sales, the wholesale centers' sales increased \$435,000, or 6.8%, for the quarter. For 2004, the wholesale divisions' sales were down 0.2% for the year. Excluding national account sales, the wholesale centers reported sales gains of \$1.1 million, or 4.5%, exceeding the company's guidance of 2 to 4%. Sales to national accounts were down \$1.2 million for the year.

Consolidated gross profit margin for the fourth quarter was 54.7%, an improvement from 54.2% for the fourth quarter of 2003. For 2004, consolidated gross profit margin was 55.1%, an improvement over the previous year's gross profit margin of 54.4%. Consolidated operating expenses for the fourth quarter of 2004 were 45.2% of sales, down slightly from 45.6% for the same quarter of 2003. Operating expenses totaled 45.9% of sales for 2004 compared to 44.6% for 2003. Costs associated with the new retail stores, personnel costs including bonuses and employee healthcare programs, advertising, and the initial costs associated with implementation of compliance with Section 404 of the Sarbanes-Oxley Act were the significant contributors to the increase.

Wray Thompson, Chairman and Chief Executive Officer, commented, "I'm very pleased with our 2004 results. Our sales grew by more than 10%, our gross margin improved in spite of our original concerns surrounding rising metal and fuel prices, and operating and pre-tax income improved despite our continuing battle to maintain healthcare costs and the completion of the initial phase of our SOX 404 compliance efforts. We expect 2005 to build on our accomplishments in 2004 - the on-going expansion of the Tandy Leather store chain, focused efforts for continued sales growth in the wholesale division, operating expense containment, and higher earnings. In addition, 2005 is likely to be a milestone for us in that I expect we'll have repaid all of our bank debt for the first time in the company's history."

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Financial Outlook:

The following statements are based on TLF's current expectations as of March 3, 2005. These statements are forward-looking statements and should be read in conjunction with the cautionary information about these statements that appears below.

The Company estimates consolidated net sales for 2005 will be in the range of \$48 to \$51 million and diluted EPS is expected to be in the range of \$0.28 to \$0.32. Average diluted shares outstanding in 2005 is estimated to be approximately 11 million shares. The Company assumes an effective tax rate annually between 35% and 37%.

The Leather Factory, Inc., (<http://www.leatherfactory.com>), headquartered in Fort Worth, Texas, is a marketer and distributor of a broad product line including leather, leatherworking tools, buckles and adornments for belts, leather dyes and finishes, saddle and tack hardware, and do-it-yourself leathercraft kits. The Company distributes its products worldwide through its Leather Factory stores, Tandy Leather retail stores and mail/telephone/website orders (<http://www.tandy-leather.com>). Its common stock trades on the American Stock Exchange with the symbol "TLF".

Contact: Wray Thompson, CEO, The Leather Factory, Inc. (817) 496-4414
Shannon L. Greene, CFO, The Leather Factory, Inc. sgreene@leatherfactory.com

This news release contains forward-looking statements. All forward-looking statements made here or in other news releases issued by The Leather Factory, Inc. are based on current expectations as of the date of the release. These forward-looking statements involve risks and uncertainties that could cause the results of The Leather Factory, Inc. to differ materially from management's current expectations. Many of these risks and uncertainties are detailed from time to time in TLF's reports filed with the Securities and Exchange Commission, including its most recent annual report on Form 10-K and the most recent quarterly report on Form 10-Q. Investors are reminded that past performance may not be predictive of future results.

Selected financial data:

| | QUARTER ENDED 12/31/04 | | QUARTER ENDED 12/31/03 | |
|-----------------------------|------------------------|--------------|------------------------|------------|
| | OPERATING | | OPERATING | |
| | SALES | INCOME | SALES | INCOME |
| Wholesale (Leather Factory) | \$ 7,695,753 | \$ 706,509 | \$ 7,308,934 | \$ 836,064 |
| Retail (Tandy Leather) | 4,322,466 | 549,784 | 2,904,693 | 173,553 |
| Cushman | 407,301 | (74,060) | 358,734 | (99,087) |
| Total Operations | \$ 12,425,520 | \$ 1,182,233 | \$10,572,361 | \$ 910,530 |
| | ===== | ===== | ===== | ===== |

| | TWELVE MONTHS ENDED 12/31/04 | | TWELVE MONTHS ENDED 12/31/03 | |
|--|------------------------------|--------|------------------------------|--------|
| | OPERATING | | OPERATING | |
| | SALES | INCOME | SALES | INCOME |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|-----------------------------|--------------|-------------|--------------|-------------|
| Wholesale (Leather Factory) | \$30,630,121 | \$3,013,316 | \$30,684,092 | \$3,462,457 |
| Retail (Tandy Leather) | 13,515,662 | 1,210,566 | 9,216,838 | 604,291 |
| Cushman | 2,000,501 | 34,565 | 1,811,261 | 30,911 |
| | ----- | ----- | ----- | ----- |
| Total Operations | \$46,146,284 | \$4,258,447 | \$41,712,191 | \$4,097,659 |
| | ===== | ===== | ===== | ===== |

| TANDY LEATHER RETAIL STORES | QUARTER ENDED 12/31/04 | | QUARTER ENDED 12/31/03 | |
|---------------------------------|------------------------|--------------|------------------------|-------------|
| | ----- | | ----- | |
| | # OF STORES | SALES | # OF STORES | SALES |
| | ----- | ----- | ----- | ----- |
| Stores opened prior to 01/01/04 | 26 | \$ 3,148,426 | 26 | \$2,904,693 |
| Stores opened after 01/01/04 | 16 | 1,174,040 | 0 | - |
| | ----- | ----- | ----- | ----- |
| Total Sales - Tandy Leather | | \$ 4,322,466 | | \$2,904,693 |
| | | ===== | | ===== |

| TANDY LEATHER RETAIL STORES | YEAR ENDED 12/31/04 | | YEAR ENDED 12/31/03 | |
|---------------------------------|---------------------|--------------|---------------------|-------------|
| | ----- | | ----- | |
| | # OF STORES | SALES | # OF STORES | SALES |
| | ----- | ----- | ----- | ----- |
| Stores opened prior to 07/01/03 | 22 | \$ 9,805,300 | 22 | \$8,765,478 |
| Stores opened after 07/01/03 | 20 | 3,710,362 | 4 | 451,360 |
| | ----- | ----- | ----- | ----- |
| Total Sales - Tandy Leather | | \$13,515,662 | | \$9,216,838 |
| | | ===== | | ===== |

THE LEATHER FACTORY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

| | Three Months | | Twelve Months | |
|------------------------|---------------|--------------|---------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | ----- | ----- | ----- | ----- |
| NET SALES | \$ 12,425,520 | \$10,572,361 | \$46,146,284 | \$41,712,191 |
| COST OF SALES | 5,630,880 | 4,836,832 | 20,706,239 | 19,216,838 |
| | ----- | ----- | ----- | ----- |
| Gross Profit | 6,794,640 | 5,735,529 | 25,440,045 | 22,495,353 |
| OPERATING EXPENSES | 5,612,406 | 4,824,999 | 21,181,599 | 18,811,261 |
| | ----- | ----- | ----- | ----- |
| INCOME FROM OPERATIONS | 1,182,234 | 910,530 | 4,258,446 | 3,684,092 |
| Interest expense | 12,380 | 32,388 | 53,400 | 604,291 |
| Other, net | (5,090) | (13,342) | (8,600) | 30,911 |
| | ----- | ----- | ----- | ----- |
| Total other expense | 7,290 | 19,046 | 44,800 | 635,202 |

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| | | | | |
|--|------------|------------|--------------|-------|
| INCOME BEFORE INCOME TAXES | 1,174,944 | 891,484 | 4,213,646 | 3, |
| PROVISION FOR INCOME TAXES | 435,464 | 306,010 | 1,559,605 | 1, |
| NET INCOME | \$ 739,480 | \$ 585,474 | \$ 2,654,041 | \$ 2, |
| NET INCOME PER COMMON SHARE - BASIC | \$ 0.07 | \$ 0.06 | \$ 0.25 | \$ |
| NET INCOME PER COMMON SHARE - DILUTED | \$ 0.06 | \$ 0.05 | \$ 0.24 | \$ |
| Weighted Average Number of Shares Outstanding: | | | | |
| Basic | 10,554,776 | 10,484,184 | 10,543,994 | 10, |
| Diluted | 10,888,883 | 10,941,853 | 10,961,993 | 10, |

THE LEATHER FACTORY, INC. CONSOLIDATED BALANCE SHEETS

| | 12/31/04 | 12/31/03 |
|---|---------------------|---------------------|
| | (UNAUDITED) | |
| Cash | \$ 2,560,202 | \$ 1,728,344 |
| Accounts receivable, net of allowance for doubtful accounts | 2,032,289 | 1,828,738 |
| Inventory | 12,749,709 | 11,079,893 |
| Prepaid income taxes | - | 206,023 |
| Deferred income taxes | 199,308 | 134,312 |
| Other current assets | 1,214,569 | 702,236 |
| TOTAL CURRENT ASSETS | 18,756,077 | 15,679,546 |
| Property and equipment, net | 1,904,565 | 1,905,893 |
| Goodwill and other intangibles, net | 1,180,618 | 1,136,784 |
| Other assets | 325,903 | 336,183 |
| | \$22,167,163 | \$19,058,406 |
| Accounts payable | \$ 1,954,146 | \$ 1,545,079 |
| Accrued expenses and other liabilities | 1,682,003 | 1,000,427 |
| Income taxes payable | 22,764 | - |
| Notes payable and current maturities of long-term debt | 134,067 | 1,134 |
| TOTAL CURRENT LIABILITIES | 3,792,980 | 2,546,640 |
| Deferred income taxes | 313,006 | 209,289 |
| Notes payable and long-term debt, net of current maturities | 750,944 | 1,792,984 |
| Total liabilities | 4,856,930 | 4,548,913 |
| Common stock | 25,345 | 25,171 |
| Paid-in capital | 4,796,999 | 4,673,158 |
| Treasury stock (5,859 shares) | (25,487) | - |
| Retained earnings | 12,458,760 | 9,804,719 |
| Notes receivable secured by common stock | - | (20,000) |
| Accumulated other comprehensive loss | 54,616 | 26,445 |
| Total Stockholders' Equity | 17,310,233 | 14,509,493 |

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 \$22,167,163 \$19,058,406
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THE LEATHER FACTORY, INC.
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (UNAUDITED)
 FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2004 AND 2003

| | 2004 |
|---|--------------|
| | ----- |
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Net income | \$ 2,654,041 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation & amortization | 452,654 |
| Loss on disposal of assets | (2,000) |
| Deferred income taxes | 38,721 |
| Other | 20,122 |
| Net changes in assets and liabilities: | |
| Accounts receivable-trade, net | (203,550) |
| Inventory | (1,609,441) |
| Income taxes | 228,787 |
| Other current assets | (110,132) |
| Accounts payable | 409,068 |
| Accrued expenses and other liabilities | 681,575 |
| | ----- |
| Total adjustments | (94,196) |
| | ----- |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 2,559,845 |
| | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchase of property and equipment | (391,034) |
| Payments in connection with businesses acquired | (156,452) |
| Proceeds from sale of assets | 2,000 |
| Increase in other assets | 10,280 |
| | ----- |
| NET CASH USED IN INVESTING ACTIVITIES | (535,206) |
| | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Net increase (decrease) in revolving credit loans | (1,287,830) |
| Payments on notes payable and long-term debt | (23,479) |
| Decrease in cash restricted for payment on revolving credit facility | - |
| Payments received on notes secured by common stock | 20,000 |
| Repurchase of common stock (treasury stock) | (25,487) |
| Proceeds from issuance of common stock | 124,015 |
| | ----- |
| NET CASH USED IN FINANCING ACTIVITIES | (1,192,781) |
| | ----- |
| NET CHANGE IN CASH | 831,858 |
| CASH, beginning of period | 1,728,344 |
| | ----- |
| CASH, end of period | \$ 2,560,202 |
| | ===== |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: | |
| Interest paid during the period | \$ 59,773 |

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| | |
|---|------------|
| Income taxes paid during the period, net of (refunds) | 1,197,347 |
| NON-CASH INVESTING ACTIVITIES: | |
| Equipment acquired under capital lease financing arrangements | \$ 402,201 |