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Date: November 8, 2004 BY: /s/ Wray Thompson
Wray Thompson, Chairman of the Board
and Chief Executive Officer

EXHIBIT 99.1

FOR IMMEDIATE RELEASE

NOVEMBER 2, 2004

THE LEATHER FACTORY REPORTS 3RD QUARTER 2004 RESULTS

FORT WORTH, TEXAS - The Leather Factory, Inc. (AMEX: TLF) today reported financial results for the third quarter of 2004. Consolidated net income for the quarter ended September 30, 2004 was \$427,000 compared to consolidated net income of \$602,000 for the third quarter of 2003. Fully diluted earnings per share for the quarter was \$0.04, compared to \$0.06 in the same quarter of last year. Total sales for the quarter ended September 30, 2004 increased 4.6% to \$10.6 million from \$10.1 million for the third quarter last year.

Consolidated sales for the nine months ended September 30, 2004 were \$33.7 million, an increase of 8.3% over total sales of \$31.1 million in the first three quarters of 2003. Consolidated net income for the current year was \$1.9 million or \$0.17 per fully-diluted share versus \$2.1 million or \$0.20 per fully-diluted share in the comparable period last year.

Sales at our Tandy Leather subsidiary increased \$720,000 in the third quarter, a 31% improvement over last year's third quarter. Thirty-six stores comprised Tandy Leather's retail operations on September 30, 2004, compared to twenty-six retail stores a year ago. Four stores were added in the third quarter of 2004 bringing the total number of new stores added in 2004 to ten as of the end of the quarter. For the first nine months of 2004, Tandy Leather sales increased \$2.9 million, or 46%, over the first nine months of 2003. Third quarter sales for the Leather Factory wholesale division decreased \$305,000 over the same quarter last year, a 4.1% decline. The sales decrease is due to a reduction in sales to our national account customers of \$353,000 that was partially offset by a \$48,000 sales gain to our other customer groups. For the first nine months of 2004, the Leather Factory wholesale division sales were down \$440,000 over the same period in 2003 as a result of sales declines to our national account customers totaling \$1.2 million partially offset by sales gains to our other customer groups of \$740,000.

Consolidated gross profit margin for the current quarter was 56.1%, an improvement from 55.2% for the third quarter of 2003. For the first three quarters, consolidated gross profit margin was 55.3%, an improvement over last year's gross profit margin of 54.5%. Consolidated operating expenses rose \$490,000 in the current quarter and \$1.8 million for the first nine months over the same periods a year ago. Operating costs associated with the new Tandy Leather stores, advertising expenses, and rising healthcare costs account for the majority of the increase.

Wray Thompson, Chairman and Chief Executive Officer, commented, "Our third quarter turned out to be a continuation of our second quarter. The Tandy stores reported solid sales gains although business this summer has been slower than we initially expected. Nonetheless, we have met our internal goal of opening or acquiring twelve Tandy stores this year, and our Tandy retail store sales have increased 46% over the first nine months of 2003, increasing higher-margin retail sales to 27% of our total revenue. The Leather Factory wholesale centers generated a modest sales gain for the quarter but are still running better than 4% gains on a year-to-date basis. However, our national account group is still

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reporting sales declines which more than offset the wholesale centers' sales gains. While rising health care costs and expenses associated with Sarbanes-Oxley compliance continue to impact our operating margins, we believe the sales decline to our national account group is the reason we must adjust our 2004 guidance downward. However, with the growth in our retail sales division and a continued focus on cost reduction, we expect 2005 earnings to be up approximately 15-18% over our 2004 expectations."

Financial Outlook:

The following statements are based on TLF's current expectations as of November 2, 2004. 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 2004 will be in the range of \$44 to \$46 million. Diluted EPS for 2004 is expected to be in the range of \$0.24 to \$0.26. For 2005, consolidated net sales will be in the range of \$47 to \$48 million and diluted EPS is expected to be in the range of \$0.28 to \$0.30. Average diluted shares outstanding in 2004 and 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, shoe repair supplies, 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".

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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 09/30/04		NINE MONTHS ENDED 09/30/04	
	SALES	OPERATING INCOME	SALES	OPERATING INCOME
Leather Factory	\$ 7,067,483	\$ 583,253	\$22,934,369	\$ 2,306,807
Tandy	3,053,712	168,459	9,193,196	660,782
Cushman	458,879	23,531	1,593,199	108,625

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Total Operations \$10,580,074 \$ 775,243 \$33,720,764 \$ 3,076,214
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TANDY LEATHER SALES	QUARTER ENDED 09/30/04		NINE MONTHS ENDED 9/30/04	
	# OF STORES	SALES	# OF STORES	SALES
Same store sales	24	\$2,323,564	20	\$6,380,603
New store sales	12	730,148	16	2,812,593
Total Sales - Tandy Leather		\$3,053,712		\$9,193,196

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

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

	Three Months		Nine months	
	2004	2003	2004	2003
NET SALES	\$ 10,580,074	\$10,119,070	\$33,720,764	\$31,139,000
COST OF SALES	4,640,641	4,529,258	15,075,359	14,183,000
Gross Profit	5,939,433	5,589,812	18,645,405	16,956,000
OPERATING EXPENSES	5,164,190	4,672,820	15,569,191	13,769,000
INCOME FROM OPERATIONS	775,243	916,992	3,076,214	3,187,000
Interest expense	14,910	40,735	41,019	174,000
Other, net	(30,600)	6,089	(3,509)	(68,000)
Total other expense	(15,690)	46,824	37,510	106,000
INCOME BEFORE INCOME TAXES	790,933	870,168	3,038,704	3,081,000
PROVISION FOR INCOME TAXES	363,548	268,488	1,124,141	926,000
NET INCOME	\$ 427,385	\$ 601,680	\$ 1,914,563	\$ 2,154,000
NET INCOME PER COMMON SHARE - BASIC	\$ 0.04	\$ 0.06	\$ 0.18	\$ 0.18
NET INCOME PER COMMON SHARE - DILUTED	\$ 0.04	\$ 0.06	\$ 0.17	\$ 0.17
Weighted Average Number of Shares Outstanding:				
Basic	10,560,661	10,394,374	10,540,374	10,269,000
Diluted	10,931,940	10,902,794	10,986,541	10,840,000

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THE LEATHER FACTORY, INC. CONSOLIDATED BALANCE SHEETS

	09/30/04	12/31/03
	(UNAUDITED)	
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Cash	\$ 1,328,052	\$ 1,728,344
Accounts receivable, net of allowance for doubtful accounts	2,242,548	1,828,738
Inventory	12,880,245	11,079,893
Prepaid income taxes	14,357	206,023
Deferred income taxes	199,881	134,312
Other current assets	608,857	702,236
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TOTAL CURRENT ASSETS	17,273,940	15,679,546
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Property and equipment, net	1,889,187	1,905,893
Goodwill and other intangibles, net	1,153,774	1,136,784
Other assets	324,795	336,183
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	\$20,641,696	\$19,058,406
	=====	=====
Accounts payable	\$ 1,632,357	\$ 1,545,079
Accrued expenses and other liabilities	1,178,921	1,000,427
Notes payable and current maturities of long-term debt	-	1,134
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TOTAL CURRENT LIABILITIES	2,811,278	2,546,640
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Deferred income tax	288,617	209,289
Notes payable and long-term debt, net of current maturities	1,006,821	1,792,984
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Total liabilities	4,106,716	4,548,913
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Common stock	25,345	25,171
Paid-in capital	4,796,999	4,673,158
Treasury stock	(23,960)	-
Retained earnings	11,719,281	9,804,719
Notes receivable secured by common stock	(15,000)	(20,000)
Accumulated other comprehensive loss	32,315	26,445
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Total Stockholders' Equity	16,534,980	14,509,493
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	\$20,641,696	\$19,058,406
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THE LEATHER FACTORY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003

CASH FLOWS FROM OPERATING ACTIVITIES:

2004

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Net income	\$ 1,914,563
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation & amortization	366,077
Loss on disposal of assets	-
Deferred income taxes	13,759
Other	3,136
Net changes in assets and liabilities:	
Accounts receivable-trade, net	(413,809)
Inventory	(1,739,977)
Income taxes	191,666
Other current assets	93,380
Accounts payable	87,279
Accrued expenses and other liabilities	178,494
Total adjustments	(1,219,995)
NET CASH PROVIDED BY OPERATING ACTIVITIES	694,568
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(267,552)
Payments in connection with businesses acquired	(156,454)
Proceeds from sale of assets	-
Increase in other assets	11,387
NET CASH USED IN INVESTING ACTIVITIES	(412,619)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Net increase (decrease) in revolving credit loans	(786,162)
Payments on notes payable and long-term debt	-
Decrease in cash restricted for payment on revolving credit facility	(1,134)
Payments received on notes secured by common stock	5,000
Repurchase of common stock (treasury stock)	(23,960)
Proceeds from issuance of common stock	124,015
NET CASH USED IN FINANCING ACTIVITIES	(682,241)
NET CHANGE IN CASH	(400,292)
CASH, beginning of period	1,728,344
CASH, end of period	\$ 1,328,052
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Interest paid during the period	\$ 43,960
Income taxes paid during the period, net of (refunds)	848,427