

TANDY LEATHER FACTORY INC
 Form 5
 January 13, 2006

FORM 5

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).
 Form 3 Holdings Reported Form 4 Transactions Reported

ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *
 MARKWARDT H W

2. Issuer Name and Ticker or Trading Symbol
 TANDY LEATHER FACTORY INC [TLF]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)
 12/31/2005

Director 10% Owner
 Officer (give title below) Other (specify below)

4255 BRYANT IRVIN ROAD, SUITE 210

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Reporting

(check applicable line)

FORT WORTH, TX 76109

Form Filed by One Reporting Person
 Form Filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|--|--|--|
| COMMON STOCK PV \$0.0024 | | | | | 62,600 | D | |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Underlying Security (Instr. 3 and 4) |
|---|--|---|---|-----------------------------------|--|---|--|
| NON-QUALIFIED STOCK OPTION (RIGHT TO BUY) <u>(1)</u> | \$ 4.96 | 09/26/2005 | Â | A4 | 2,000 Â | 03/26/2006 09/26/2015 | COMM STOCK \$0.0024 |
| NON-QUALIFIED STOCK OPTION (RIGHT TO BUY) <u>(1)</u> | \$ 3.9 | Â | Â | Â | Â Â | 03/26/2004 09/26/2013 | COMM STOCK \$0.0024 |
| NON-QUALIFIED STOCK OPTION (RIGHT TO BUY) <u>(1)</u> | \$ 3.87 | Â | Â | Â | Â Â | 03/27/2005 09/27/2014 | COMM STOCK \$0.0024 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MARKWARDT H W 4255 BRYANT IRVIN ROAD SUITE 210 FORT WORTH, TX 76109 | Â X | Â | Â | Â |

Signatures

H.W.
MARKWARDT 01/13/2006

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) GRANTED PURSUANT TO THE 1995 NON-QUALIFIED DIRECTOR STOCK OPTION PLAN OF TANDY LEATHER FACTORY, INC. IN A TRANSACTION EXEMPT UNDER RULE 16B-3.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, see Instruction 6 for procedure.

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