Reading an Income Statement

The line items from revenue down to net profit.

Accounting & Finance

The standard line items.

Line	Means
Revenue	Value of goods or services sold
Cost of sales	Direct cost of producing them
Gross profit	Revenue less cost of sales
Operating expenses	Running the business
Operating profit	Before interest and tax
Net profit	After everything

Gross margin shows pricing power. Operating margin shows cost control. They tell you different things.