BLACKROCK PREFERRED INCOME STRATEGIES FUND, INC.
Form N-CSRS
July 05, 2007

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

FORM N-CSRS

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT
INVESTMENT COMPANIES

Investment Company Act file number 811-21286

Name of Fund: BlackRock Preferred Income Strategies Fund, Inc.

Fund Address: P.O. Box 9011
Princeton, NJ 08543-9011

Name and address of agent for service: Robert C. Doll, Jr., Chief Executive Officer, BlackRock Preferred Income Strategies Fund, Inc., 800 Scudders Mill Road, Plainsboro, NJ 08536. Mailing address: P.O. Box 9011, Princeton, NJ 08543-9011

Registrant's telephone number, including area code: (800) 882-0052

Date of fiscal year end: 10/31/07

Date of reporting period: 11/01/06 - 04/30/07

Item 1 - Report to Stockholders

ALTERNATIVES   BLACKROCK SOLUTIONS   EQUITIES
FIXED INCOME   LIQUIDITY   REAL ESTATE

Semi-Annual Reports (Unaudited)   BLACKROCK

APRIL 30, 2007

BlackRock Preferred and Corporate Income Strategies Fund, Inc.
BlackRock Preferred Income Strategies Fund, Inc.

NOT FDIC INSURED
MAY LOSE VALUE
NO BANK GUARANTEE

BlackRock Preferred and Corporate Income Strategies Fund, Inc.
BlackRock Preferred Income Strategies Fund, Inc.

The Benefits and Risks of Leveraging

The Funds utilize leveraging through the issuance of Preferred Stock. The concept of leverage is based on the premise that the cost of assets to be obtained from leverage will be based on short-term interest or dividend rates on the Preferred Stock, which normally will be lower than the income earned by each Fund on its longer-term portfolio investments. To the extent that the total assets of each Fund (including the assets obtained from leverage) are invested in higher-yielding portfolio investments, each Fund's Common Stock shareholders will be the beneficiaries of the incremental yield.

Leverage creates risks for holders of Common Stock including the likelihood of greater net asset value and market price volatility. In addition, there is the risk that fluctuations in the dividend rates on any Preferred Stock may reduce the Common Stock's yield and negatively impact its net asset value and market price. If the income derived from securities purchased with assets received from leverage exceeds the cost of leverage, each Fund's net income will be greater than if leverage had not been used. Conversely, if the income from the securities purchased is not sufficient to cover the cost of leverage, each Fund's net income will be less than if leverage had not been used, and therefore the amount available for distribution to Common Stock shareholders will be reduced.

Portfolio Information as of April 30, 2007

BlackRock Preferred and Corporate Income Strategies Fund, Inc.'s Asset Mix	Percent of Total Investments
Preferred Stocks	27.2%
Capital Trusts	25.2
Corporate Bonds	21.4
Real Estate Investment Trusts	7.9
Trust Preferreds	7.2
Other*	11.1

BlackRock Preferred Income Strategies Fund, Inc.'s Asset Mix	Percent of Total Investments
Preferred Stocks	30.4%
Capital Trusts	24.8
Corporate Bonds	20.3
Trust Preferreds	7.8
Real Estate Investment Trusts	6.2
Other*	10.5

* Includes portfolio holdings in short-term investments.

A Letter to Shareholders

Dear Shareholder

In its first four months, 2007 could already be termed an eventful year for investors. For most financial markets, 2007 opened just as 2006 ended -- on a positive trajectory. Then, at the end of February and into March, global equity markets registered their first significant decline since last summer. The market jitters were triggered by a significant setback in the Chinese market and were exacerbated by worries of a weakening economy, escalating geopolitical concerns and rising delinquencies in the subprime mortgage market. Still, underlying stock market fundamentals appeared quite sound, supported by a generally favorable global economic backdrop, tame inflation, slowing but still positive earnings growth, relatively low interest rates and attractive valuations. These conditions prevailed later, and the Dow Jones Industrial Average crossed the

13,000 mark for the first time in its history in late April.

Not unlike the equity market, the bond market also experienced volatility as observers attempted to interpret mixed economic signals. A bond market rally (falling yields and rising prices) late last year reversed itself early in 2007 amid some transitory signs of economic strength. Overall, yields have fluctuated month to month but ended April little changed from the beginning of the year. However, compared to one year ago, yields on 30-year Treasury bonds fell 36 basis points (.36%) and 10-year yields fell 44 basis points, while prices correspondingly rose.

For its part, the Federal Reserve Board (the Fed) has left the target short-term interest rate on hold at 5.25% since first pausing in its interest rate-hiking campaign on August 8, 2006. The central bankers continue to express concern about potential inflationary pressures, but also acknowledge signs of economic weakness. Given this relatively "balanced" assessment, most observers believe the Fed will keep interest rates on hold for now.

Against this backdrop, most major market indexes posted positive returns for the annual and semi-annual reporting periods ended April 30, 2007:

Total Returns as of April 30, 2007	6-mont
U.S. equities (Standard & Poor's 500 Index)	+ 8.60
Small cap U.S. equities (Russell 2000 Index)	+ 6.86
International equities (MSCI Europe, Australasia, Far East Index)	+15.46
Fixed income (Lehman Brothers Aggregate Bond Index)	+ 2.64
Tax-exempt fixed income (Lehman Brothers Municipal Bond Index)	+ 1.59
High yield bonds (Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index)	+ 6.96

If the first four months are any guide, 2007 could be a year of enhanced market volatility. As you navigate the uncertainties, we encourage you to review your investment goals with your financial professional and to make portfolio changes, as needed. For more insight, we invite you to view "What's Ahead in 2007: An Investment Perspective" and "Are You Prepared for Volatility?" at www.blackrock.com/funds. We thank you for entrusting BlackRock with your investment assets, and we look forward to continuing to serve you in the months and years ahead.

Sincerely,

/s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.
Fund President and Director

A Discussion With Your Funds' Portfolio Managers

We continue to seek to diversify the Funds' holdings and maintain a positive outlook for preferred securities given the attractive valuations and good liquidity in the market.

How did the Funds perform during the period in light of the existing market conditions?

For the six-month period, the Common Stock of BlackRock Preferred and Corporate Income Strategies Fund, Inc. had net annualized yields of 7.29% and 7.31%, based on a period-end per share net asset value of $22.12 and a per share market price of $22.08, respectively, and $.800 per share income dividends. The total investment return on the Fund's Common Stock was +3.07%, based on a change in per share net asset value from $22.25 to $22.12, and assuming reinvestment of all distributions.

For the same six-month period ended April 30, 2007, the Common Stock of BlackRock Preferred Income Strategies Fund, Inc. had net annualized yields of 6.19% and 6.67%, based on a period-end per share net asset value of $22.39 and a per share market price of $20.80, respectively, and $.687 per share income dividends. For the same period, the total investment return on the Fund's Common Stock was +3.47%, based on a change in per share net asset value from $22.36 to $22.39, and assuming reinvestment of all distributions.

For the six months ended April 30, 2007, the Funds' benchmark, the Merrill Lynch Preferred Stock Fixed Rate Index, returned +3.52%, while the broader-market Merrill Lynch U.S. Corporate Master Index and the Merrill Lynch U.S. Treasury/Agency Master Index returned +2.83% and +2.26%, respectively.

For a description of the Funds' total investment returns based on a change in the per share market value of the Funds' Common Stock (as measured by the trading price of the Fund's shares on the New York Stock Exchange), and assuming reinvestment of distributions, please refer to the Financial Highlights section of this report. As closed-end funds, the Funds' shares may trade in the secondary market at a premium or discount to their net asset values. As a result, total investment returns based on changes in the market value of the Funds' Common Stock can vary significantly from total investment returns based on changes in the Funds' net asset values.

Long-term bond yields traded in a relatively narrow range over the past six months and, despite ample volatility, ended the period with little change. Overall, financial conditions remained fairly balanced, with moderate economic activity and relatively tame inflationary pressures. Recent commentary from the Federal Reserve Board (the Fed) has supported the narrow trading range. The federal funds rate remained at 5.25% at the end of the semi-annual period, where it has been since June 2006.

The 30-year U.S. Treasury bond yield stood at 4.81% on April 30, 2007, an increase of nine basis points (.09%) over the past six months. The 10-year U.S. Treasury note yield increased just two basis points during the period to 4.63%. Meanwhile, yields on one-month Treasury bills declined 38 basis points from 5.18% to 4.80%, while two-year yields fell 11 basis points to 4.60% during the period.

Late in the six-month period, fears of a slowdown in economic growth were exacerbated by turmoil in the subprime mortgage market. In addition, inflation -- although moderate by historic standards -- remained above the Fed's implicit comfort zone. In response, bond prices on the front end of the yield curve rallied on increased expectations of a Fed interest rate cut. Meanwhile, the long end of the curve sold off on inflation fears. The net result was a slight steepening of the yield curve, which has been flat to inverted for some time. Concerns about the strength of the U.S. economy were not solely driven by fears of spillover from the subprime mortgage market. Recent non-housing-related economic data -- including payrolls, durable goods orders and retail sales -- showed signs of weakening.

The most recent Consumer Price Index (CPI) data from the U.S. Department of Labor reflected a notable surge in the overall rate of inflation, but just a marginal increase in core inflation. The CPI advanced at a seasonally adjusted rate of .6% in March 2007, following a rise of .4% in February. The significant increase resulted primarily from a 5.9% jump in energy costs for the month, spurred by a 12% rise in gasoline prices. However, the CPI for all items excluding food and energy was up just .1% for the month. The overall CPI rose at an unadjusted rate of 2.8% over the previous 12 months.

The preliminary estimate of first-quarter 2007 gross domestic product (GDP) growth came in at 1.3%, which was weaker than expected and would be the slowest pace in four years. U.S. consumer confidence declined to its lowest level in eight months in April on concerns about rising gasoline prices and a wave of mortgage defaults. Personal consumption fell .2%, partly due to the significant increase in gasoline prices during

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the month of March. Although manufacturing and industrial production data were weaker, durable goods orders bounced back dramatically in March. While housing starts unexpectedly rose for a second consecutive month in March, home sales data were disappointing. Existing home sales fell more than 8% and sales of new homes failed to bounce back as briskly as expected from their depressed levels of February.

What factors most influenced the Funds' performance?

Overweight positions in $25 par preferred securities had a negative effect on each Fund's results, as these issues underperformed during the six-month period. The portfolios' substantial cash position also detracted from performance relative to the Funds' peers. We raised each Fund's cash allocation to approximately 5% in March 2007, in anticipation that there will be a notable increase in the supply of new preferred issues in the near future. We intend to use the cash to purchase new securities.

The Funds' results benefited from overweight positions in hybrid securities, which generally pay a fixed rate of interest similar to a bond but are influenced significantly by the price movements of the common stock of the issuing company. Another positive contributor was our use of net asset value hedges in the first half of the semi-annual period to shorten the portfolios' durations. The goal was to reduce the risk of loss in value associated with rising interest rates. Finally, we had minimal exposure to securities of companies that we believe could be affected by the troubled subprime mortgage market, and this proved advantageous.

What changes were made to the portfolios during the period?

Early in the six-month period, we added to the portfolios' positions in preferred securities, particularly issues eligible for QDI (qualified dividend income) and DRD (dividends received deduction). We also added selectively to our holdings in new issues in the high yield market. The Funds moved out of real estate investment trust preferreds as event risk remained high and valuations became less attractive. Toward the end of the six-month period, we reduced holdings that we felt could be affected by the weak subprime mortgage market.

In early 2007, we reduced our net asset value hedges and increased the Funds' durations by approximately two years. At the end of the period, each portfolio's duration was 6.5 years, which was slightly long relative to the benchmark Merrill Lynch Preferred Stock Fixed Rate Index.

We continued to employ leveraging strategies through the period and, at April 30, 2007, both Funds had leverage positions of approximately 36% of total net assets. (For a more complete explanation of the benefits and risks of leveraging, see page 2 of this report to shareholders.)

How would you characterize the Funds' positions at the close of the period?

We continue to seek to diversify the holdings in the preferred shares with secondary issues and through the new-issue calendar, which remains strong. We also will continue to look at hybrid and DRD preferreds for market opportunity.

We maintain our positive outlook because of attractive valuations and good liquidity in the market. We anticipate some choppiness in the financials sector due to the impact of the subprime mortgage market. We intend to continue to add new names to the portfolio, particularly if attractive offerings arise in the primary market.

John Burger
Vice President and Portfolio Manager

Scott Amero
Portfolio Manager

Daniel Chen
Portfolio Manager

May 11, 2007

Schedule of Investments As of April 30, 2007 (Unaudited)
BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities

Face Amount	Capital Trusts	Value
Capital Markets -- 1.5%		
$ 3,390,000	State Street Capital Trust IV, 6.355% due 6/01/2067 (b)	$ 3,402,546
Commercial Banks -- 6.0%		
2,000,000	Cullen/Frost Capital Trust I, 6.91% due 3/01/2034 (b)	2,057,774
5,000,000	First Chicago NBD Institutional Capital I, 5.906% due 2/01/2027 (b)	4,885,715
910,000	First Empire Capital Trust II, 8.277% due 6/01/2027	949,094
3,000,000	Hubco Capital Trust I Series B, 8.98% due 2/01/2027	3,140,772
1,500,000	Hubco Capital Trust II Series B, 7.65% due 6/15/2028	1,575,000
1,050,000	SunTrust Preferred Capital I, 5.853% (b)(d)	1,067,174
		13,675,529

Consumer Finance -- 2.1%		
3,470,000	Capital One Capital III, 7.686% due 8/15/2036	3,748,617
910,000	MBNA Capital A, 8.278% due 12/01/2026	951,614
		4,700,231
Diversified Financial Services -- 1.5%		
3,000,000	Farm Credit Bank of Texas Series 1, 7.561% (b)(d)	3,312,570
Gas Utilities -- 4.1%		
9,000,000	AGL Capital Trust I Series B, 8.17% due 6/01/2037	9,377,046
Insurance -- 15.2%		
3,990,000	AON Corp., 8.205% due 1/01/2027	4,483,004
9,000,000	AXA, 8.60% due 12/15/2030	11,573,181
1,510,000	Ace Capital Trust II, 9.70% due 4/01/2030	2,022,489
9,110,000	Farmers Exchange Capital, 7.05% due 7/15/2028 (f)	9,403,406
750,000	Genworth Financial, Inc., 6.15% due 11/15/2066 (b)	742,006
3,000,000	Mangrove Bay Pass-Through Trust, 6.102% due 7/15/2033 (b)(f)	2,946,990
915,000	Oil Casualty Insurance Ltd., 8% due 9/15/2034 (f)	917,492
1,000,000	Zenith National Insurance Capital Trust I, 8.55% due 8/01/2028 (f)	1,030,000
1,400,000	Zurich Capital Trust I, 8.376% due 6/01/2037 (f)	1,461,823
		34,580,391
Multi-Utilities -- 0.5%		
1,200,000	Dominion Resources Capital Trust I, 7.83% due 12/01/2027	1,224,100
Oil, Gas & Consumable Fuels -- 2.9%		
6,000,000	Pemex Project Funding Master Trust, 7.375% due 12/15/2014	6,708,000
Thrifts & Mortgage Finance -- 6.8%		
1,465,000	Dime Capital Trust I Series A, 9.33% due 5/06/2027	1,538,014
6,735,000	Greenpoint Capital Trust I, 9.10% due 6/01/2027	7,056,044
760,000	ML Capital Trust I, 9.875% due 3/01/2027	797,521
5,900,000	Sovereign Capital Trust, 9% due 4/01/2027	6,128,761
		15,520,340
	Total Capital Trusts (Cost -- $90,262,017) -- 40.6%	92,500,753

Shares Held	Preferred Stocks	
Capital Markets -- 2.4%		
1,900,000	Ameriprise Financial, Inc., 7.518% (b)	2,062,110
130,000	Deutsche Bank Capital Funding Trust VIII, 6.375%	3,347,500
		5,409,610
Commercial Banks -- 8.4%		
1,000,000	Barclays Bank Plc, 6.278% (b)	980,894

1,176	First Tennessee Bank NA, 3.90% (b)(f)	1,207,973
1,900,000	ICICI Bank Ltd., 7.25% (b)(f)	1,973,975
15,000	KeyCorp Capital IX, 6.75%	382,800
42,000	Provident Financial Group, Inc., 7.75%	1,085,440
5,400,000	Resona Preferred Global Securities Ltd., 7.191% (b)(f)	5,708,237
1,200,000	Royal Bank of Scotland Group Plc, 9.118%	1,324,747
149,000	Santander Finance Preferred SA Unipersonal, 6.50% (f)	3,715,688
100,000	Santander Finance Preferred SA Unipersonal, 6.80% (f)	2,540,630
12,000	Sovereign Bancorp, Inc. Series C, 7.30% (a)	324,960
		19,245,344
Diversified Financial Services -- 3.4%		
38,000	Cobank ACB, 7% (f)	1,958,748
5,700,000	JPMorgan Chase Capital XXI Series U, 6.305% (b)	5,765,157
		7,723,905
Electric Utilities -- 1.7%		
28,800	Entergy Arkansas, Inc., 6.45%	733,501
22,650	Entergy Louisiana LLC, 6.95%	2,255,530
36,000	PPL Electric Utilities Corp., 6.25%	946,127
		3,935,158
Gas Utilities -- 2.6%		
234,300	Southern Union Co., 7.55%	6,033,225
Insurance -- 10.3%		
120,000	ACE Ltd. Series C, 7.80%	3,092,400
1,500,000	AXA SA, 6.379% (b)(f)	1,459,996
45,000	Aspen Insurance Holdings Ltd., 7.401% (b)	1,157,346
	Axis Capital Holdings Ltd.:	
35,000	Series A, 7.25%	908,250
9,000	Series B, 7.50% (b)	973,688
35,200	Endurance Specialty Holdings Ltd. Series A, 7.75%	935,968
1,740,000	Financial Security Assurance Holdings Ltd., 6.40% (b)(f)	1,720,705
2,000,000	Great West Life & Annuity Insurance Co., 7.153% (b)(f)	2,111,888
	MetLife, Inc.:	
2,625,000	6.40%	2,619,915
70,000	Series B, 6.50%	1,842,400
1,000,000	Oil Insurance Ltd., 7.558% (b)(f)	1,049,730
1,450,000	PartnerRe Finance II, 6.44% (b)	1,455,037
165,000	RenaissanceRe Holding Ltd. Series D, 6.60%	4,037,550
		23,364,873
Multi-Utilities -- 1.0%		
2,100,000	Dominion Resources, Inc., 7.50% (b)	2,283,754
Oil, Gas & Consumable Fuels -- 0.4%		
825,000	Enterprise Products Operating LP, 8.375% (b)	913,556

Schedule of Investments (continued)
BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities (continued)

Shares Held	Preferred Stocks	Value
Thrifts & Mortgage Finance -- 12.3%		
	Fannie Mae:	
6,000	Series L, 5.125%	$ 287,340
305,000	Series O, 7% (b)	16,031,563
	Freddie Mac:	
80,000	5.66%	2,001,600
220,000	Series V, 5.57%	5,504,400
160,000	Washington Mutual Capital Trust 2001 Series K, 6.09% (b)	4,120,000
		27,944,903
Wireless Telecommunication Services -- 1.4%		
2,720	Centaur Funding Corp., 9.08% (f)	3,206,200
	Total Preferred Stocks (Cost -- $98,018,251) -- 43.9%	100,060,528

	Real Estate Investment Trusts	
Real Estate -- 12.7%		
63,800	Alexandria Real Estate Equities, Inc. Series C, 8.375%	1,665,818
80,000	CBL & Associates Properties, Inc. Series C, 7.75%	2,044,000
610	First Industrial Realty Trust, Inc., 6.236% (b)	613,813
	HRPT Properties Trust:	
425,000	Series B, 8.75%	10,727,000
125,000	Series C, 7.125%	3,193,750
112,000	Health Care Property Investors, Inc. Series F, 7.10%	2,826,880
44,000	Health Care REIT, Inc. Series F, 7.625%	1,135,750
60,000	iStar Financial, Inc. Series I, 7.50%	1,516,200
	PS Business Parks, Inc.:	
18,400	Series K, 7.95%	487,600
16,000	Series M, 7.20%	406,880
	Public Storage, Inc.:	
110,000	6.75%	2,791,800
40,000	Series I, 7.25%	1,036,252
14,800	Regency Centers Corp. Series D, 7.25%	381,100
	Total Real Estate Investment Trusts (Cost -- $29,094,750) -- 12.7%	28,826,843

Face Amount	Trust Preferreds	
Commercial Banks -- 0.3%		
$ 700,000	National City Capital Trust II, 6.625% due 11/15/2066	695,550

Consumer Finance -- 1.1%		
2,325,500	Capital One Capital II, 7.50% due 6/15/2066	2,430,662
Diversified Financial Services -- 0.9%		
2,000,000	Citigroup Capital XVII, 6.35% due 3/15/2067	1,976,636
Electric Utilities -- 0.5%		
1,235,000	PPL Energy Supply LLC, 7% due 7/15/2046	1,274,415
Gas Utilities -- 4.5%		
10,000,000	Southwest Gas Capital II, 7.70% due 9/15/2043	10,220,563
Insurance -- 1.9%		
2,000,000	ABN AMRO North America Capital Funding Trust II, 5.41% (b)(d)(f)	1,991,499
2,250,000	Lincoln National Capital VI Series F, 6.75% due 9/11/2052	2,261,366
		4,252,865
Thrifts & Mortgage Finance -- 2.5%		
5,845,000	Countrywide Financial Corp., 1.50% due 4/01/2033	5,754,033
	Total Trust Preferreds (Cost -- $26,217,464) -- 11.7%	26,604,724
	Total Preferred Securities (Cost -- $243,592,482) -- 108.9%	247,992,848

	Corporate Bonds	
Commercial Banks -- 3.3%		
5,325,000	Societe Generale, 5.922% (b)(d)(f)	5,333,531
2,125,000	Woori Bank, 6.208% due 5/02/2067 (b)(f)	2,119,959
		7,453,490
Containers & Packaging -- 2.2%		
5,000,000	Sealed Air Corp., 6.875% due 7/15/2033 (f)	5,008,370
Diversified Financial Services -- 0.4%		
975,000	C10 Capital SPV Ltd., 6.722% (b)(d)(f)	973,654
Diversified Telecommunication Services -- 2.3%		
4,000,000	France Telecom SA, 8.50% due 3/01/2031	5,268,564
Electric Utilities -- 3.3%		
5,000,000	Energy East Corp., 6.75% due 9/15/2033	5,284,375
2,300,000	PPL Capital Funding, 6.70% due 3/30/2067 (b)	2,301,458
		7,585,833
Foreign Government Obligations -- 2.3%		
5,032,000	Mexico Government International Bond, 5.875% due 1/15/2014	5,190,508
Gas Utilities -- 0.4%		
1,000,000	Southern Union Co., 7.20% due 11/01/2066 (b)	1,016,574
Insurance -- 7.8%		

3,100,000	American International Group, Inc., 6.25% due 3/15/2037	3,085,579
2,250,000	Chubb Corp., 6.375% due 3/29/2067 (b)	2,277,130
2,610,000	Everest Reinsurance Holdings, Inc., 6.60% due 5/01/2067 (b)	2,619,401
2,550,000	Liberty Mutual Group, Inc., 7% due 3/15/2037 (b)(f)	2,562,260
700,000	Reinsurance Group of America, 6.75% due 12/15/2065 (b)	703,102
3,400,000	The Travelers Cos., Inc., 6.25% due 3/15/2067 (b)	3,404,638
1,425,000	XL Capital Ltd. Series E, 6.50% (b)(d)	1,406,503
1,800,000	ZFS Finance (USA) Trust II, 6.45% due 12/15/2065 (b)(f)	1,820,835
		17,879,448

Schedule of Investments (concluded)
BlackRock Preferred and Corporate Income Strategies Fund, Inc. (in U.S. dollars)

Face Amount	Corporate Bonds	Value
Media -- 5.0%		
$ 3,000,000	Comcast Corp., 7.05% due 3/15/2033	$ 3,255,069
2,000,000	TCI Communications, Inc., 8.75% due 8/01/2015	2,400,186
5,000,000	Time Warner, Inc., 7.625% due 4/15/2031 (g)	5,655,590
		11,310,845
Oil, Gas & Consumable Fuels -- 2.0%		
2,400,000	Pioneer Natural Resources Co., 6.65% due 3/15/2017	2,352,278
2,150,000	TransCanada PipeLines Ltd., 6.35% due 5/15/2067	2,146,152
		4,498,430
Wireless Telecommunication Services -- 5.5%		
5,000,000	AT&T Wireless Services, Inc., 8.75% due 3/01/2031	6,542,285
5,000,000	Sprint Capital Corp., 8.75% due 3/15/2032	5,900,730
		12,443,015
	Total Corporate Bonds (Cost -- $76,309,229) -- 34.5%	78,628,731

Beneficial Interest	Short-Term Securities	
40,922,158	BlackRock Liquidity Series, LLC Cash Sweep Series, 5.26% (c)(e)	40,922,158
	Total Short-Term Securities (Cost -- $40,922,158) -- 18.0%	40,922,158
Total Investments (Cost -- $360,823,869*) -- 161.4%		367,543,737
Liabilities in Excess of Other Assets -- (1.4%)		(3,247,205)

Preferred Stock, at Redemption Value -- (60.0%)	(136,627,851)
Net Assets Applicable to Common Stock -- 100.0%	$227,668,681

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 360,336,152
Gross unrealized appreciation	$ 10,464,310
Gross unrealized depreciation	(3,256,725)
Net unrealized appreciation	$ 7,207,585

(a) Depositary receipts.
(b) Floating rate security.
(c) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Interest Income
BlackRock Liquidity Series, LLC Cash Sweep Series	$19,735,699	$956,677

(d) The security is a perpetual bond and has no stated maturity date.
(e) Represents the current yield as of April 30, 2007.
(f) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.
(g) All or a portion of security held as collateral with open financial futures contracts.

o Financial futures contracts purchased as of April 30, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciation
793	5-Year U.S. Treasury Notes	June 2007	$84,128,682	$(206,979)
Total Unrealized Depreciation				$(206,979)

o Financial futures contracts sold as of April 30, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	Face Value	Unrealized Appreciation (Depreciation)
94	10-Year U.S. Treasury Bonds	June 2007	$10,172,676	$ (10,168)
134	30-Year U.S. Treasury Bonds	June 2007	$15,103,797	129,297

Total Unrealized Appreciation -- Net	$ 119,129

o Swaps outstanding as of April 30, 2007 were as follows:

	Notional Amount	Unrealized Appreciation (Depreciation)
Sold credit default protection on a basket of preferred securities and receive 2.03%		
Broker, Lehman Brothers Special Finance Expires September 2007	$ 9,000,000	$ 82,035
Pay a fixed rate of 5.132% and receive a floating rate based on 3-month LIBOR		
Broker, JPMorgan Chase Expires September 2016	$25,000,000	24,901
Pay a fixed rate of 5.2735% and receive a floating rate based on 3-month LIBOR		
Broker, Lehman Brothers Special Finance Expires February 2017	$36,000,000	(306,705)
Total		$(199,769)

o For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub- classifications for reporting ease. Industries are shown as a percent of net assets.

See Notes to Financial Statements.

Schedule of Investments As of April 30, 2007 (Unaudited)
BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities

Face Amount	Capital Trusts	Value
Capital Markets -- 1.5%		
$13,535,000	State Street Capital Trust IV, 6.355% due 6/01/2067 (b)	$ 13,585,093
Commercial Banks -- 12.3%		
12,035,000	ABN AMRO North America Holding Preferred Capital Repackaging Trust I, 6.523% (a)(b)(c)	12,625,112
2,000,000	Bank One Capital III, 8.75% due 9/01/2030	2,632,156
16,455,000	Chase Capital II Series B, 5.856%	

	due 2/01/2027 (b)	16,077,391
3,630,000	First Empire Capital Trust II, 8.277% due 6/01/2027	3,785,945
2,000,000	HSBC America Capital Trust I, 7.808% due 12/15/2026 (a)	2,082,486
15,835,000	HSBC Capital Funding LP/Jersey Channel Islands, 10.176% (a)(b)(c)	23,119,813
7,300,000	HSBC Finance Capital Trust IX, 5.911% due 11/30/2035 (b)	7,324,418
12,275,000	Hubco Capital Trust II Series B, 7.65% due 6/15/2028	12,888,750
2,000,000	Lloyds TSB Bank Plc, 6.90% (c)	2,007,320
18,470,000	NationsBank Capital Trust III, 5.906% due 1/15/2027 (b)	18,110,426
2,000,000	Republic New York Corp., 7.53% due 12/04/2026	2,077,710
4,500,000	ST George Funding Co. LLC, 8.485% (a)(c)	4,702,549
4,175,000	SunTrust Preferred Capital I, 5.853% (b)(c)	4,243,286
		111,677,362
Consumer Finance -- 2.2%		
13,670,000	Capital One Capital III, 7.686% due 8/15/2036	14,767,605
4,630,000	MBNA Capital A, 8.278% due 12/01/2026	4,841,730
		19,609,3353
Diversified Financial Services -- 2.9%		
15,000,000	AgFirst Farm Credit Bank, 8.393% due 12/15/2016 (b)	16,586,055
9,000,000	Farm Credit Bank of Texas Series 1, 7.561% (b)(c)	9,937,710
		26,523,765
Electric Utilities -- 0.5%		
5,000,000	SWEPCO Capital I, 5.25% due 10/01/2043 (b)	4,972,700
Gas Utilities -- 0.6%		
5,000,000	AGL Capital Trust I Series B, 8.17% due 6/01/2037	5,209,470
Insurance -- 14.1%		
12,175,000	AON Corp., 8.205% due 1/01/2027	13,679,343
23,725,000	AXA, 8.60% due 12/15/2030 (Surplus Notes)	30,508,191
11,300,000	Ace Capital Trust II, 9.70% due 4/01/2030	15,135,186
15,000,000	Farmers Exchange Capital, 7.05% due 7/15/2028 (a)	15,483,105
10,000,000	GE Global Insurance Holding Corp., 7.75% due 6/15/2030	12,224,160
1,000,000	GenAmerica Capital I, 8.525% due 6/30/2027 (a)	1,046,124
3,000,000	Genworth Financial, Inc., 6.15% due 11/15/2066 (b)	2,968,023
6,066,000	ING Capital Funding Trust III, 8.439% (b)(c)	6,689,742
3,605,000	Oil Casualty Insurance Ltd., 8% due 9/15/2034 (a)	3,614,820
6,325,000	Principal Life Insurance Co., 8% due 3/01/2044 (Surplus Notes) (a)	6,832,151
3,750,000	Zenith National Insurance Capital Trust I, 8.55% due 8/01/2028 (a)	3,862,500
15,600,000	Zurich Capital Trust I, 8.376% due 6/01/2037 (a)	16,288,880
		128,332,225
Multi-Utilities -- 3.1%		
10,000,000	Dominion Resources Capital Trust I, 7.83% due 12/01/2027	10,200,830

15,000,000	Dominion Resources Capital Trust III, 8.40% due 1/15/2031	18,078,720
		28,279,550
Road & Rail -- 0.4%		
3,750,000	BNSF Funding Trust I, 6.613% due 12/15/2055 (b)	3,583,001
Thrifts & Mortgage Finance -- 2.6%		
1,000,000	Astoria Capital Trust I, 9.75% due 11/01/2029 (a)	1,121,500
5,760,000	Dime Capital Trust I Series A, 9.33% due 5/06/2027	6,047,073
12,765,000	Greenpoint Capital Trust I, 9.10% due 6/01/2027	13,373,482
3,005,000	ML Capital Trust I, 9.875% due 3/01/2027	3,153,357
		23,695,412
	Total Capital Trusts (Cost -- $357,720,879) -- 40.2%	365,467,913

Shares Held	Preferred Stocks	
Capital Markets -- 2.3%		
7,600,000	Ameriprise Financial, Inc., 7.518% due 6/01/2066 (b)	8,248,440
510,000	Deutsche Bank Capital Funding Trust VIII, 6.375%	13,132,500
		21,380,940
Commercial Banks -- 11.4%		
4,000,000	Barclays Bank Plc, 6.278% (b)	3,923,576
4,650	First Tennessee Bank NA, 3.90% (a)(b)	4,776,422
5,000,000	HBOS Plc, 5.92% (a)(b)	4,922,500
8,000,000	ICICI Bank Ltd., 7.25% (a)(b)	8,311,472
159,000	KeyCorp Capital IX, 6.75%	4,057,680
166,800	Provident Financial Group, Inc., 7.75%	4,310,746
20,000,000	Resona Preferred Global Securities Ltd., 7.191% (a)(b)	21,141,620
4,800,000	Royal Bank of Scotland Group Plc, 9.118%	5,298,989
23,000	SG Preferred Capital II, 6.302% (b)	24,293,750
	Santander Finance Preferred SA Unipersonal (a):	
599,000	6.50%	14,937,563
250,000	6.80%	6,351,575
48,000	Sovereign Bancorp, Inc. Series C, 7.30% (d)	1,299,840
		103,625,733
Diversified Financial Services -- 3.5%		
152,000	Cobank ACB, 7%	7,834,992
23,900,000	JPMorgan Chase Capital XXI Series U, 6.305% (b)	24,173,201
		32,008,193
Electric Utilities -- 1.8%		
14,000	Alabama Power Co., 5.83%	346,920
114,400	Entergy Arkansas, Inc., 6.45%	2,913,631
49,850	Entergy Louisiana LLC, 6.95%	4,964,158
80,000	Interstate Power & Light Co. Series B, 8.375%	2,624,000
204,000	PPL Electric Utilities Corp., 6.25%	5,361,385

16,210,094

Schedule of Investments (continued)
BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities (continued)

Shares Held	Preferred Stocks	Value
Gas Utilities -- 1.2%		
423,200	Southern Union Co., 7.55%	$ 10,897,400
Insurance -- 13.8%		
880,000	ACE Ltd. Series C, 7.80%	22,677,600
5,950,000	AXA SA, 6.379% (a)(b)	5,791,320
100,000	Aegon NV Series 1, 6.235% (b)	2,562,000
165,000	Aspen Insurance Holdings Ltd., 7.401% (b)	4,243,602
	Axis Capital Holdings Ltd.:	
140,000	Series A, 7.25%	3,633,000
36,000	Series B, 7.50% (b)	3,894,750
139,200	Endurance Specialty Holdings Ltd. Series A, 7.75%	3,701,328
6,930,000	Financial Security Assurance Holdings Ltd., 6.40% (a)(b)	6,853,153
7,500,000	Great West Life & Annuity Insurance Co., 7.153% (a)(b)	7,919,580
	MetLife, Inc.:	
10,425,000	6.40%	10,404,807
493,000	Series B, 6.50%	12,975,760
5,000,000	Oil Insurance Ltd., 7.558% (a)(b)	5,248,650
5,700,000	PartnerRe Finance II, 6.44% (b)	5,719,802
140,000	Prudential Plc, 6.50%	3,599,400
660,000	RenaissanceRe Holding Ltd. Series D, 6.60%	16,150,200
9,800	Zurich RegCaPS Funding Trust, 6.58% (a)(b)	10,121,563
		125,496,515
Multi-Utilities -- 1.4%		
8,400,000	Dominion Resources, Inc., 7.50% (b)	9,135,017
140,000	Pacific Gas & Electric Co. Series A, 6%	3,544,800
		12,679,817
Oil, Gas & Consumable Fuels -- 0.5%		
4,225,000	Enterprise Products Operating LP, 8.375% due 8/01/2066 (b)	4,678,516
Thrifts & Mortgage Finance -- 13.0%		
	Fannie Mae:	
264,650	Series L, 5.125%	12,674,089
1,210,000	Series O, 7% (b)	63,600,625
	Freddie Mac:	
305,000	5.66%	7,631,100
190,000	Series Q, 3.85% (b)	8,550,000
855,000	Series V, 5.57%	21,392,100
4,000,000	Roslyn Real Estate Asset Corp. Series D, 9% due 1/01/2049 (b)	3,979,466

		117,827,380
Wireless Telecommunication Services -- 0.3%		
2,423	Centaur Funding Corp., 9.08%	2,856,111
	Total Preferred Stocks (Cost -- $438,419,927) -- 49.2%	447,660,699

Shares Held	Real Estate Investment Trusts	Value
Real Estate -- 10.1%		
251,400	Alexandria Real Estate Equities, Inc. Series C, 8.375%	6,564,054
200,000	CBL & Associates Properties, Inc. Series C, 7.75%	5,110,000
400,000	Developers Diversified Realty Corp., 8%	10,280,000
80,000	Duke Realty Corp. Series K, 6.50%	2,020,000
2,390	First Industrial Realty Trust, Inc., 6.236% (b)	2,404,937
4,000	Firstar Realty LLC, 8.875% (a)	5,207,500
448,000	Health Care Property Investors, Inc. Series F, 7.10%	11,307,520
172,800	Health Care REIT, Inc. Series F, 7.625%	4,460,400
100,000	Kimco Realty Corp. Series F, 6.65%	2,525,000
	PS Business Parks, Inc.:	
72,000	Series K, 7.95%	1,908,000
64,000	Series M, 7.20%	1,627,520
	Public Storage, Inc.:	
160,000	Series I, 7.25%	4,145,008
445,000	Series L, 6.75%	11,294,100
	Regency Centers Corp.:	
607,550	Series C, 7.45%	15,462,147
58,000	Series D, 7.25%	1,493,500
3,857	Sovereign Real Estate Investment Corp., 12% (a)	5,727,645
	Total Real Estate Investment Trusts (Cost -- $89,523,035) -- 10.1%	91,537,331

Face Amount	Trust Preferreds	
Commercial Banks -- 0.3%		
2,790,000	National City Capital Trust II, 6.625% due 11/15/2066	32,788,686
Communications Equipment -- 0.2%		
2,000,000	Corporate-Backed Trust Certificates, 8.375% due 11/15/2028	2,012,107
Consumer Finance -- 1.9%		
16,702,000	Capital One Capital II, 7.50% due 6/15/2066	17,457,619
Diversified Financial Services -- 0.8%		
7,625,000	Citigroup Capital XVII, 6.35% due 3/15/2067	7,535,923
Electric Utilities -- 2.2%		
4,750,000	Georgia Power Co. Series O, 1.475% due 4/15/2033	4,601,234
3,000,000	HECO Capital Trust III, 6.50% due 3/18/2034	3,055,184

5,000,000	National Rural Utilities Cooperative Finance Corp., 6.75% due 2/15/2043	5,015,234
5,835,000	PPL Energy Supply LLC, 7% due 7/15/2046	6,021,272
950,000	Virginia Power Capital Trust II, 1.844% due 7/30/2042	955,109
		19,648,033
Gas Utilities -- 0.7%		
500,000	Dominion CNG Capital Trust I, 1.95% due 10/31/2041	501,456
5,750,000	Southwest Gas Capital II, 7.70% due 9/15/2043	5,874,418
		6,375,874

Schedule of Investments (continued)
BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

Preferred Securities (concluded)

Face Amount	Trust Preferreds	Value
Insurance -- 2.7%		
$11,000,000	ABN AMRO North America Capital Funding Trust II, 5.41% (a)(b)(c)	$ 10,948,954
7,375,000	Berkley W R Capital Trust, 6.75% due 7/26/2045	7,415,254
1,000,000	Everest Re Capital Trust, 1.963% due 11/15/2032	1,005,918
5,000,000	Lincoln National Capital VI Series F, 6.75% due 9/11/2052	5,023,423
		24,393,549
Multi-Utilities -- 0.1%		
397,425	PSEG Funding Trust II, 8.75% due 12/31/2032	405,402
Thrifts & Mortgage Finance -- 3.7%		
28,362,500	Countrywide Financial Corp., 1.50% due 4/01/2033	27,922,828
6,000,000	Dime Community Capital I, 7% due 4/14/2034	5,820,000
		33,742,828
	Total Trust Preferreds (Cost -- $113,531,849) -- 12.6%	114,360,021
	Total Preferred Securities (Cost -- $999,195,690) -- 112.1%	1,019,025,964

	Corporate Bonds	
Automobiles -- 2.2%		
16,000,000	DaimlerChrysler NA Holding Corp., 8.50% due 1/18/2031	20,160,880
Commercial Banks -- 3.3%		

21,250,000	Societe Generale, 5.922% (a)(b)(c)	21,284,042
8,500,000	Woori Bank, 6.208% due 5/02/2067 (a)(b)	8,479,834
		29,763,876
Diversified Financial Services -- 0.4%		
3,850,000	C10 Capital SPV Ltd., 6.722% (a)(b)(c)	3,844,687
Diversified Telecommunication Services -- 3.7%		
25,500,000	France Telecom SA, 8.50% due 3/01/2031	33,587,095
Electric Utilities -- 4.4%		
16,575,000	Duke Energy Field Services LLC, 8.125% due 8/16/2030	20,278,767
10,000,000	FirstEnergy Corp. Series B, 6.45% due 11/15/2011	10,488,160
9,125,000	PPL Capital Funding, 6.70% due 3/30/2067 (b)	9,130,785
		39,897,712
Energy Equipment & Services -- 0.9%		
8,300,000	Trans-Canada Pipeline, 6.60% due 5/15/2067	8,285,143
Gas Utilities -- 0.4%		
4,000,000	Southern Union Co., 7.20% due 11/01/2066 (b)	4,066,296
Insurance -- 7.2%		
12,395,000	American International Group, Inc., 6.25% due 3/15/2087	12,337,338
9,100,000	Chubb Corp., 6.375% due 3/29/2067 (b)	9,209,728
10,430,000	Everest Reinsurance Holdings, Inc., 6.60% due 5/01/2067 (b)	10,467,569
10,150,000	Liberty Mutual Group, Inc., 7% due 3/15/2037 (a)(b)	10,198,801
3,000,000	Reinsurance Group of America, 6.75% due 12/15/2065 (b)	3,013,293
660,120	START 2004-1, 5.417% due 4/21/2011	659,707
13,550,000	Travelers Cos., Inc./The, 6.25% due 3/15/2067 (b)	13,568,482
5,725,000	XL Capital Ltd. Series E, 6.50% (b)(c)	5,650,690
		65,105,608
Media -- 3.5%		
5,000,000	Comcast Corp., 7.05% due 3/15/2033	5,425,115
	Time Warner, Inc.:	
5,000,000	7.625% due 4/15/2031 (g)	5,655,590
18,000,000	7.70% due 5/01/2032	20,568,024
		31,648,729
Oil, Gas & Consumable Fuels -- 1.0%		
9,500,000	Pioneer Natural Resources Co., 6.65% due 3/15/2017	9,311,102
Wireless Telecommunication Services -- 5.9%		
18,000,000	AT&T Wireless Services, Inc., 8.75% due 3/01/2031	23,552,226
	Sprint Capital Corp.:	
2,000,000	6.90% due 5/01/2019	2,060,878
24,000,000	8.75% due 3/15/2032	28,323,504
		53,936,608

Beneficial Interest	Short-Term Securities	Value
	Total Corporate Bonds (Cost -- $287,641,826) -- 32.9%	299,607,736
$155,280,103	BlackRock Liquidity Series, LLC Cash Sweep Series, 5.26% (e)(f)	155,280,103
	Total Short-Term Securities (Cost -- $155,280,103) -- 17.1%	155,280,103
Total Investments (Cost -- $1,442,117,619*) -- 162.1%		1,473,913,803
Liabilities in Excess of Other Assets -- (1.6%)		(14,139,590)
Preferred Stock, at Redemption Value -- (60.5%)		(550,548,663)
Net Assets Applicable to Common Stock -- 100.0%		$ 909,225,550

Schedule of Investments (concluded)

BlackRock Preferred Income Strategies Fund, Inc. (in U.S. dollars)

* The cost and unrealized appreciation (depreciation) of investments as of April 30, 2007, as computed for federal income tax purposes, were as follows:

Aggregate cost	$ 1,440,371,930
Gross unrealized appreciation	$ 44,088,413
Gross unrealized depreciation	(10,546,540)
Net unrealized appreciation	$ 33,541,873

(a) The security may be offered and sold to "qualified institutional buyers" under Rule 144A of the Securities Act of 1933.

(b) Floating rate security.

(c) The security is a perpetual bond and has no stated maturity date.

(d) Depositary receipts.

(e) Investments in companies considered to be an affiliate of the Fund, for purposes of Section 2(a)(3) of the Investment Company Act of 1940, were as follows:

Affiliate	Net Activity	Interest Income
BlackRock Liquidity Series, LLC Cash Sweep Series	$134,738,602	$2,478,788

(f) Represents the current yield as of April 30, 2007.

(g) All or a portion of security held as collateral in connection with open financial futures contracts.

- Financial futures contracts purchased as of April 30, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	Face Value	Unrealized Depreciation
3,170	5-Year U.S. Treasury Notes	June 2007	$336,303,786	$(828,630)
Total Unrealized Depreciation				$(828,630)

- Financial futures contracts sold as of April 30, 2007 were as follows:

Number of Contracts	Issue	Expiration Date	Face Value	Unrealized Appreciation
1,363	10-Year U.S. Treasury Notes	June 2007	$147,868,256	$ 217,022
651	30-Year U.S. Treasury Bonds	June 2007	$ 73,356,114	$ 606,864
Total Unrealized Appreciation				$ 823,886

- Swaps outstanding as of April 30, 2007 were as follows:

	Notional Amount	Unrealized Appreciation (Depreciation)
Sold credit default protection on a basket of preferred securities and receive 2.03%		
Broker, Lehman Brothers Special Finance Expires September 2007	$ 36,000,000	$ 328,140
Pay a fixed rate of 5.132% and receive a floating rate based on 3-month LIBOR		
Broker, JPMorgan Chase Expires September 2016	$125,000,000	133,153
Pay a fixed rate of 5.2735% and receive a floating rate based on 3-month LIBOR		
Broker, Lehman Brothers Special Finance Expires February 2017	$143,000,000	(1,239,325)
Total		$ (778,032)

- For Fund compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications for reporting ease. Industries are shown as a percent of net assets.

See Notes to Financial Statements.

Statements of Net Assets

As of April 30, 2007 (Unaudited)

Assets

Investments in unaffiliated securities, at value* ....
Investments in affiliated securities, at value** ....
Unrealized appreciation on swaps ....
Interest receivable ....
Receivable for securities sold ....
Dividends receivable ....
Receivable for swaps ....
Variation margin ....
Prepaid expenses ....

Total assets ....

Liabilities

Unrealized depreciation on swaps ....
Bank overdraft ....
Payable for securities purchased ....
Payable to investment adviser ....
Dividends payable to Common Stock shareholders ....
Payable for variation margin ....
Payable for other affiliates ....
Accrued expenses ....

Total liabilities ....

Preferred Stock

Preferred Stock, at redemption value, par value $.10 per share+ of AMPS@ at $25,000 per share liquidation preference ....

Net Assets Applicable to Common Stock

Net assets applicable to Common Stock ....

Statements of Net Assets (concluded)

As of April 30, 2007 (Unaudited)

Analysis of Net Assets Applicable to Common Stock

Accumulated distributions in excess of investment income -- net .....
Accumulated realized capital losses -- net ....
Unrealized appreciation -- net ....

Total accumulated losses -- net ....

Common Stock, par value $.10 per share++ ....
Paid-in capital in excess of par ....

Net Assets ....

Net asset value per share of Common Stock ....

Market price ....

* Identified cost on unaffiliated securities ....

** Identified cost on affiliated securities ....

\+ Preferred Stock authorized, issued and outstanding:

Series M7 Shares ....

Series T7 Shares ....

Series W7 Shares ....

Series TH7 Shares ....

Series F7 Shares ....

Series W28 Shares ....

Series TH28 Shares ....

++ Common Stock issued and outstanding ....

@ Auction Market Preferred Stock.

See Notes to Financial Statements.

Statements of Operations

For the Six Months Ended April 30, 2007 (Unaudited)

Investment Income

Interest*	....
Dividends	....
Total income	....

Expenses

Investment advisory fees	....
Commission fees	....
Accounting services	....
Transfer agent fees	....
Professional fees	....
Trustees' fees and expenses	....
Printing and shareholder reports	....
Custodian fees	....
Listing fees	....
Pricing fees	....
Other	....
Total expenses	....
Investment income -- net	....

Realized & Unrealized Gain (Loss) -- Net

Realized gain on:	
Investments -- net	....
Financial futures contracts and swaps -- net	....
Total realized gain -- net	....
Change in unrealized appreciation/depreciation on:	
Investments -- net	....
Financial futures contracts and swaps -- net	....
Total change in unrealized appreciation/depreciation -- net	....
Total realized and unrealized gain -- net	....

Dividends to Preferred Stock Shareholders

Investment income -- net	....
Net Increase in Net Assets Resulting from Operations	....
* Interest from affiliates	....

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock Preferred and Corporate Income Strategies Fund, Inc.

Increase (Decrease) in Net Assets:

Operations	
Investment income -- net	
Realized gain (loss) -- net	
Change in unrealized appreciation/depreciation -- net	
Dividends to Preferred Stock shareholders	
Net increase in net assets resulting from operations	
Dividends to Common Stock Shareholders	
Investment income -- net	
Net decrease in net assets resulting from dividends to Common Stock shareholders	
Common Stock Transactions	
Value of shares issued to Common Stock shareholders in reinvestment of dividends	
Net increase in net assets derived from Common Stock transactions	
Net Assets Applicable to Common Stock	
Total decrease in net assets applicable to Common Stock	
Beginning of period	
End of period*	
* Accumulated distributions in excess of investment income -- net	

See Notes to Financial Statements.

Statements of Changes in Net Assets

BlackRock Preferred Income Strategies Fund, Inc.

Increase (Decrease) in Net Assets:

Operations	
Investment income -- net	
Realized gain (loss) -- net	
Change in unrealized appreciation/depreciation -- net	
Dividends to Preferred Stock shareholders	
Net increase in net assets resulting from operations	
Dividends to Common Stock Shareholders	
Investment income -- net	
Tax return of capital	
Net decrease in net assets resulting from dividends to Common Stock shareholders	
Common Stock Transactions	
Value of shares issued to Common Stock shareholders in reinvestment of dividends	
Net increase in net assets derived from Common Stock transactions	
Net Assets Applicable to Common Stock	
Total increase in net assets applicable to Common Stock	
Beginning of period	
End of period*	
* Accumulated distributions in excess of investment income -- net	

See Notes to Financial Statements.

Financial Highlights

BlackRock Preferred and Corporate Income Strategies Fund, Inc.

The following per share data and ratios have been derived from information provided in the financial statements.	For the Six Months Ended April 30, 2007 (Unaudited)	For the Ye Octobe 2006	200

Per Share Operating Performance			
Net asset value, beginning of period	$ 22.25	$ 22.36	$ 23
Investment income -- net	.97@@	2.14@@	2
Realized and unrealized gain (loss) -- net	.04	.07	(1
Dividends to Preferred Stock shareholders from investment income -- net	(.34)	(.63)	(
Total from investment operations	.67	1.58	
Less dividends to Common Stock shareholders from investment income -- net	(.80)	(1.69)	(2
Offering costs resulting from the issuance of Common Stock	--	--	
Offering and underwriting costs resulting from the issuance of Preferred Stock	--	--	
Net asset value, end of period	$ 22.12	$ 22.25	$ 22
Market price per share, end of period	$ 22.08	$ 21.26	$ 21
Total Investment Return**			
Based on net asset value per share	3.07%@	7.97%	3
Based on market price per share	7.67%@	9.69%	
Ratios Based on Average Net Assets of Common Stock			
Total expenses, net of waiver***	1.28%*	1.29%	1
Total expenses***	1.28%*	1.29%	1
Total investment income -- net***	8.82%*	9.70%	9
Amount of dividends to Preferred Stock shareholders .	3.09%*	2.84%	1
Investment income to Common Stock shareholders -- net	5.73%*	6.86%	7
Ratios Based on Average Net Assets of Preferred Stock			
Dividends to Preferred Stock shareholders	5.18%*	4.71%	3
Supplemental Data			
Net assets applicable to Common Stock, end of period (in thousands)	$227,669	$228,734	$229,
Preferred Stock outstanding, end of period (in thousands)	$136,500	$136,500	$136,
Portfolio turnover	30.75%	19.23%	25

Leverage			
Asset coverage per $1,000	$ 2,668	$ 2,676	$ 2,

Dividends Per Share on Preferred Stock Outstanding++			
Series M7 -- Investment income -- net	$ 642	$ 1,180	$
Series T7 -- Investment income -- net	$ 643	$ 1,178	$

* Annualized.

** Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.

*** Do not reflect the effect of dividends to Preferred Stock shareholders.

\+ Commencement of operations.

++ The Fund's Preferred Stock was issued on August 26, 2003.

@ Aggregate total investment return.

@@ Based on average shares outstanding.

See Notes to Financial Statements.

Financial Highlights (concluded)

BlackRock Preferred Income Strategies Fund, Inc.

The following per share data and ratios have been derived from information provided in the financial statements.	For the Six Months Ended April 30, 2007 (Unaudited)	For the Ye Octobe 2006	200
Per Share Operating Performance			
Net asset value, beginning of period	$ 22.36	$ 22.26	$ 23
Investment income -- net	.98@@	2.03@@	2
Realized and unrealized gain (loss) -- net	.09	.32	(
Dividends and distributions to Preferred Stock shareholders:			
Investment income -- net	(.35)	(.65)	(
Realized gain -- net	--	--	
Total from investment operations	.72	1.70	
Less dividends and distributions to Common Stock shareholders:			
Investment income -- net	(.69)	(1.51)	(2
Realized gain -- net	--	--	
Tax return of capital	--	(.09)	

Total dividends and distributions to Common Stock shareholders	(.69)	(1.60)	(2
Offering costs resulting from the issuance of Common Stock	--	--	
Offering and underwriting costs resulting from the issuance of Preferred Stock	--	--	
Net asset value, end of period	$ 22.39	$ 22.36	$ 22
Market price per share, end of period	$ 20.80	$ 20.12	$ 21
Total Investment Return**			
Based on net asset value per share	3.47%@	8.77%	3
Based on market price per share	6.83%@	2.77%	1
Ratios Based on Average Net Assets of Common Stock			
Total expenses, net of waiver***	1.21%*	1.23%	1
Total expenses***	1.21%*	1.23%	1
Total investment income -- net***	8.76%*	9.26%	8
Amount of dividends to Preferred Stock shareholders .	3.15%*	2.96%	1
Investment income to Common Stock shareholders -- net	5.61%*	6.30%	7
Ratios Based on Average Net Assets of Preferred Stock			
Dividends to Preferred Stock shareholders	5.22%*	4.80%	2
Supplemental Data			
Net assets applicable to Common Stock, end of period (in thousands)	$909,226	$907,897	$903,
Preferred Stock outstanding, end of period (in thousands)	$550,000	$550,000	$550,
Portfolio turnover	29.12%	17.73%	27
Leverage			
Asset coverage per $1,000	$ 2,653	$ 2,651	$ 2,
Dividends Per Share on Preferred Stock Outstanding++			
Series M7 -- Investment income -- net	$ 644	$ 1,180	$
Series T7 -- Investment income -- net	$ 642	$ 1,175	$
Series W7 -- Investment income -- net	$ 640	$ 1,183	$

Series TH7 -- Investment income -- net	$ 642	$ 1,179	$
Series F7 -- Investment income -- net	$ 636	$ 1,178	$
Series W28 -- Investment income -- net	$ 658	$ 1,221	$
Series TH28 -- Investment income -- net	$ 661	$ 1,258	$

* Annualized.
** Total investment returns based on market value, which can be significantly greater or lesser than the net asset value, may result in substantially different returns. Total investment returns exclude the effects of sales charges.
*** Do not reflect the effect of dividends to Preferred Stock shareholders.
\+ Commencement of operations.
++ The Fund's Preferred Stock was issued on May 16, 2003.
@ Aggregate total investment return.
@@ Based on average shares outstanding.

See Notes to Financial Statements.

Notes to Financial Statements (Unaudited)

1. Significant Accounting Policies:

BlackRock Preferred and Corporate Income Strategies Fund, Inc. and BlackRock Preferred Income Strategies Fund, Inc. (the "Funds" or individually as the "Fund"), are registered under the Investment Company Act of 1940, as amended, as diversified, closed-end management investment companies. The Funds' financial statements are prepared in conformity with U.S. generally accepted accounting principles, which may require the use of management accruals and estimates. Actual results may differ from these estimates. These unaudited financial statements reflect all adjustments, which are, in the opinion of management, necessary to present a fair statement of the results for the interim period. All such adjustments are of a normal, recurring nature. The Funds' Common Stock shares are listed on the New York Stock Exchange ("NYSE") under the symbol PSW for BlackRock Preferred and Corporate Income Strategies Fund, Inc. and PSY for BlackRock Preferred Income Strategies Fund, Inc. The following is a summary of significant accounting policies followed by the Funds.

(a) Valuation of investments -- Debt securities are traded primarily in the over-the-counter ("OTC") markets and are valued at the last available bid price in the OTC market or on the basis of values obtained by a pricing service. Pricing services use valuation matrixes that incorporate both dealer-supplied valuations and valuation models. The procedures of the pricing service and its valuations are reviewed by the officers of each of the Funds under the general direction of the respective Board of Directors. Such valuations and procedures will be reviewed periodically by the Board of Directors of the respective Funds. Options written or purchased are valued at the last sale price in the case of exchange-traded options. Options traded in the OTC market are valued at the last asked price (options written) or the last bid price (options purchased). Financial futures contracts and options thereon, which are traded on exchanges, are valued at their closing prices as of the close of such exchanges. Swap agreements are valued based upon quoted fair valuations received daily by each Fund from a pricing service or counterparty. Valuation of short-term investment vehicles is generally based on the net asset value of the underlying investment vehicle or amortized cost. Repurchase agreements are valued at cost plus accrued interest. Investments in open-end investment companies are valued at their net asset value each business day. Securities and other assets for which market quotations are not readily available are valued at fair value as determined in good faith by or under the direction of each Fund's Board of Directors.

Equity securities held by the Funds that are traded on stock exchanges or the NASDAQ Global Market are valued at the last sale price or official close price on the exchange, as of the close of business on the day the securities are being valued or, lacking any sales, at the last available bid price for long positions, and at the last available asked price for short positions. In cases where equity securities are traded on more than one exchange, the securities are valued on the exchange designated as the primary market by or under the authority of the Board of Directors of each Fund. Long positions traded in the OTC markets, NASDAQ Capital Market or Bulletin Board are valued at the last available bid price or yield equivalent obtained from one or more dealers or pricing services approved by the Board of Directors of each Fund. Short positions traded in the OTC markets are valued at the last available asked price. Portfolio securities that are traded both in the OTC markets and on a stock exchange are valued according to the broadest and most representative market.

Generally, trading in foreign securities, as well as U.S. government securities, and money market instruments, is substantially completed each day at various times prior to the close of business on the NYSE. The values of such securities used in computing the net asset value of the Funds' shares are determined as of such times. Foreign currency exchange rates will generally be determined as of the close of business on the NYSE. Occasionally, events affecting the values of such securities and such exchange rates may occur between the times at which they are determined and the close of business on the NYSE that may not be reflected in the computation in each of the Funds' net asset value. If events (for example, a company announcement, market volatility or a natural disaster) occur during such periods that are expected to materially affect the value of such securities, those securities will be valued at their fair value as determined in good faith by each Fund's Board of Directors or by BlackRock Advisors, LLC (the "Manager"), an indirect, wholly owned subsidiary of BlackRock, Inc., using a pricing service and/or procedures approved by each Fund's Board of Directors.

(b) Derivative financial instruments -- Each Fund may engage in various portfolio investment strategies both to increase the return of each Fund and to hedge, or protect, its exposure to interest rate movements and movements in the securities markets. Losses may arise due to changes in the value of the contract or if the counterparty does not perform under the contract.

o Options -- Each Fund may write and purchase call and put options. When the Fund writes an option, an amount equal to the premium received by the Fund is reflected as an asset and an equivalent liability. The amount of the liability is subsequently marked-to-market to reflect the current market value of the option written. When a security is purchased or sold through an exercise of an option, the related premium paid (or received) is added to (or deducted from) the basis of the security acquired or deducted from (or added to) the proceeds of the security sold. When an option expires (or the Fund enters into a closing transaction), the Fund realizes a gain or loss on the option to the extent of the premiums received or paid (or gain or loss to the extent the cost of the closing transaction exceeds the premium paid or received).

Written and purchased options are non-income producing investments.

- Financial futures contracts -- Each Fund may purchase or sell financial futures contracts and options on such financial futures contracts. Financial futures contracts are contracts for delayed delivery of securities at a specific future date and at a specific price or yield. Upon entering into a contract, the Fund deposits, and maintains as collateral, such initial margin as required by the exchange on which the transaction is effected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. When the contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

- Swaps -- Each Fund may enter into swap agreements, which are OTC contracts in which the Fund and a counterparty agree to make periodic net payments on a specified notional amount. The net payments can be made for a set period of time or may be triggered by a predetermined credit event. The net periodic payments may be based on a fixed or variable interest rate; the change in market value of a specified security, basket of securities, or index; or the return generated by a security. These periodic payments received or made by the Fund are recorded in the accompanying Statements of Operations as realized gains or losses, respectively. Gains or losses are also realized upon termination of the swap agreements. Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms and the possible lack of liquidity with respect to the swap agreements.

(c) Income taxes -- It is each Fund's policy to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no federal income tax provision is required.

(d) Security transactions and investment income -- Security transactions are recorded on the dates the transactions are entered into (the trade dates). Realized gains and losses on security transactions are determined on the identified cost basis. Dividend income is recorded on the ex-dividend dates. Interest income is recognized on the accrual basis. The Funds amortize all premiums and discounts on debt securities.

(e) Dividends and distributions -- Dividends from net investment income are declared and paid monthly. Distributions of capital gains are recorded on the ex-dividend dates. A portion of the dividends paid by BlackRock Preferred Income Strategies Fund, Inc. during the year ended October 31, 2006 are characterized as a tax return of capital.

(f) Securities lending -- Each Fund may lend securities to financial institutions that provide cash or securities issued or guaranteed by the U.S. government as collateral, which will be maintained at all times in an amount equal to at least 100% of the current market value of the loaned securities. The market value of the loaned securities is determined at the close of business of the Fund and any additional required collateral is delivered to the Fund on the next business day. Where the Fund receives securities as collateral for the loaned securities, it collects a fee from the borrower. The Fund typically receives the income on the loaned securities but does not receive the income on the collateral. Where the Fund receives cash collateral, it may invest such collateral and retain the amount earned on such investment, net of any amount rebated to the borrower. Loans of securities are terminable at any time and the borrower, after notice, is required to return borrowed securities within five business days. The Fund may pay reasonable finder's, lending agent, administrative and custodial fees in connection with its loans. In the event that the borrower defaults on its obligation to return borrowed securities because of insolvency or for any other reason, the Fund could experience delays and costs in gaining access to the collateral. The Fund also could suffer a

loss where the value of the collateral falls below the market value of the borrowed securities, in the event of borrower default or in the event of losses on investments made with cash collateral.

(g) Bank overdraft -- Each Fund recorded a bank overdraft which resulted from management estimates of available cash.

(h) Recent accounting pronouncements -- In July 2006, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes -- an interpretation of FASB Statement No. 109." FIN 48 prescribes the minimum recognition threshold a tax position must meet in connection with accounting for uncertainties in income tax positions taken or expected to be taken by an entity, including mutual funds, before being measured and recognized in the financial statements. Adoption of FIN 48 is required for the last net asset value calculation in the first required financial statement reporting period for fiscal years beginning after December 15, 2006. The impact on each Fund's financial statements, if any, is currently being assessed.

In September 2006, "Statement of Financial Accounting Standards No. 157, Fair Value Measurements" ("FAS 157"), was issued and is effective for fiscal years beginning after November 15, 2007. FAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. At this time, management is evaluating the implications of FAS 157 and its impact on each Fund's financial statements, if any, has not been determined.

In addition, in February 2007, the FASB issued "Statement of Financial Accounting Standards No. 159, The Fair Value Option for Financial Assets and Financial Liabilities" ("FAS 159"), which is effective for fiscal years beginning after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the entity also elects to apply the provisions of FAS 157. FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. FAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between entities that choose different measurement attributes for similar types of assets and liabilities. At this time, management is evaluating the implications of FAS 159 and its impact on each Fund's financial statements, if any, has not been determined.

2. Investment Advisory Agreement and Transactions with Affiliates:

The Investment Advisory Agreement between each Fund and the Manager became effective on September 29, 2006. Prior to September 29, 2006, Fund Asset Management, L.P. ("FAM") was each Fund's manager. The general partner of FAM is Princeton Services, Inc. ("PSI"), an indirect, wholly owned subsidiary of

Merrill Lynch & Co. ("Merrill Lynch"), which is the limited partner. Merrill Lynch and The PNC Financial Services Group, Inc. are the principal owners of BlackRock, Inc.

The Manager is responsible for the management of each Fund's portfolio and provides the necessary personnel, facilities, equipment and certain other services necessary to the operations of each Fund. For such services, each Fund pays a monthly fee at an annual rate of .60% of each Fund's average daily net assets (including proceeds from the issuance of Preferred Stock) plus the proceeds of any outstanding borrowings used for leverage. In addition, the Manager has entered into a sub-advisory agreement with BlackRock Financial Management, Inc., an affiliate of the Manager, under which the Manager pays the sub-adviser for services it provides to each Fund a fee at an annual rate equal to a percentage of the management fee paid by each Fund to the Manager.

The Funds have received an exemptive order from the Securities and Exchange Commission permitting them to lend portfolio securities to Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a wholly owned subsidiary of Merrill Lynch, or its affiliates. Pursuant to that order, the Funds have retained BlackRock Investment Management, LLC ("BIM"), an affiliate of the Manager, as the securities lending agent for a fee based on a share of the returns on investment of cash collateral. Prior to September 29, 2006, BIM was organized as Merrill Lynch Investment Managers, LLC ("MLIM, LLC"), an affiliate of FAM, and MLIM, LLC was the securities lending agent. BIM may, on behalf of the Funds, invest cash collateral received by the Funds for such loans, among other things, in a private investment company managed by the Manager or in registered money market funds advised by the Manager or its affiliates.

Notes to Financial Statements (concluded)

The Funds reimbursed the Manager for certain accounting services. The reimbursements were as follows:

	For the Six Months Ended 30, 2007
BlackRock Preferred and Corporate Income Strategies Fund, Inc.	$ 3,496
BlackRock Preferred Income Strategies Fund, Inc.	$13,851

Certain officers and/or directors of the Funds are officers and/or directors of BlackRock, Inc. or its affiliates.

3. Investments:

Purchases and sales of investments, excluding short-term securities, for the six months ended April 30, 2007 were as follows:

	BlackRock Preferred and Corporate Income Strategies	BlackRock Preferred Income Strategies

	Fund, Inc.	Fund, Inc.
Total Purchases	$102,013,860	$400,420,942
Total Sales	$100,383,732	$446,238,243

4. Stock Transactions:

Each Fund is authorized to issue 200,000,000 shares of stock, including Preferred Stock, par value $.10 per share, all of which were initially classified as Common Stock. Each Fund's Board of Directors is authorized, however, to reclassify any unissued shares of stock without approval of holders of Common Stock.

BlackRock Preferred & Corporate Income Strategies Fund, Inc.

Shares issued and outstanding during the six months ended April 30, 2007 increased by 12,692 as a result of dividend reinvestment and during the year ended October 31, 2006 remained constant.

BlackRock Preferred Income Strategies Fund, Inc.

Shares issued and outstanding during the six months ended April 30, 2007 remained constant and during the year ended October 31, 2006 increased by 13,470 as a result of dividend reinvestment.

Preferred Stock

Auction Market Preferred Stock are redeemable shares of Preferred Stock of the Funds, with a par value of $.10 per share and liquidation preference of $25,000 per share, plus accrued and unpaid dividends, that entitle their holders to receive cash dividends at an annual rate that may vary for the successive dividend periods. The yields in effect at April 30, 2007 were as follows:

	BlackRock Preferred and Corporate Income Strategies Fund, Inc.	BlackRock Preferred Income Strategies Fund, Inc.
Series M7	5.22%	5.22%
Series T7	5.22%	5.22%
Series W7	--	5.20%
Series TH7	--	5.25%
Series F7	--	5.23%
Series W28	--	5.27%
Series TH28	--	5.238%

Each Fund pays commissions to certain broker-dealers at the end of each auction at an annual rate ranging from .25% to .375%, calculated on the proceeds of each auction. For the six months ended April 30, 2007, MLPF&S earned commissions as follows:

	Commissions
BlackRock Preferred and Corporate Income Strategies Fund, Inc.	$110,673
BlackRock Preferred Income Strategies Fund, Inc.	$269,806

5. Capital Loss Carryforward:

BlackRock Preferred & Corporate Income Strategies Fund, Inc.

At October 31, 2006, the Fund had a net capital loss carryforward of $25,060,290, of which $1,276,621 expires in 2011, $10,243,141 expires in 2012, $5,058,900 expires in 2013 and $8,481,628 expires in 2014. This amount will be available to offset like amounts of any future taxable gains.

BlackRock Preferred Income Strategies Fund, Inc.

At October 31, 2006, the Fund had a net capital loss carryforward of $92,790,096, of which $62,733,648 expires in 2012, $17,911,331 expires in 2013 and $12,145,117 expires in 2014. This amount will be available to offset like amounts of any future taxable gains.

Officers and Directors

Robert C. Doll, Jr., Fund President and Director
David O. Beim, Director
James T. Flynn, Director
W. Carl Kester, Director
Karen P. Robards, Director
Donald C. Burke, Vice President and Treasurer
John Burger, Vice President
Karen Clark, Fund Chief Compliance Officer
Alice A. Pellegrino, Secretary

Custodian

State Street Bank and Trust Company
P.O. Box 351
Boston, MA 02101

Transfer Agents

Common Stock:

Computershare Trust Company, N.A.
P.O. Box 43010
Providence, RI 02940-3010

Preferred Stock:

The Bank of New York
101 Barclay Street -- 7 West
New York, NY 10286

Investment Objectives

NYSE Symbol PSW	BlackRock Preferred and Corporate Income Strategies Fund, Inc. seeks to provide shareholders with high current income. The secondary objective of the Fund is to seek to provide shareholders with capital appreciation. The Fund seeks to achieve its objectives by investing primarily in a portfolio of preferred securities and debt securities, including convertible securities that may be converted into common stock or other

securities of the same or a different issuer.

NYSE Symbol PSY	BlackRock Preferred Income Strategies Fund, Inc. seeks to provide shareholders with high current income. The secondary objective of the Fund is to seek to provide shareholders with capital appreciation. The Fund seeks to achieve its objectives by investing primarily in a portfolio of preferred securities, including convertible preferred securities that may be converted into common stock or other securities of the same or a different issuer.

Availability of Quarterly Schedules of Investments

The Funds file their complete schedules of portfolio holdings with the Securities and Exchange Commission ("SEC") for the first and third quarters of each fiscal year on Form N-Q. The Funds' Forms N-Q are available on the SEC's Web site at http://www.sec.gov. The Funds' Forms N-Q may also be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Electronic Delivery

Electronic copies of most financial reports and prospectuses are available on the Funds' Web site. Shareholders can sign up for e-mail notifications of quarterly statements, annual and semi-annual reports and prospectuses by enrolling in the Funds' electronic delivery program.

Shareholders Who Hold Accounts with Investment Advisers, Banks or Brokerages:

Please contact your financial advisor to enroll. Please note that not all investment advisers, banks or brokerages may offer this service.

BlackRock Privacy Principles

BlackRock is committed to maintaining the privacy of its current and former fund investors and individual clients (collectively, "Clients") and to safeguarding their non-public personal information. The following information is provided to help you understand what personal information BlackRock collects, how we protect that information and why in certain cases we share such information with select parties.

If you are located in a jurisdiction where specific laws, rules or regulations require BlackRock to provide you with additional or different privacy-related rights beyond what is set forth below, then BlackRock will comply with those specific laws, rules or regulations.

BlackRock obtains or verifies personal non-public information from and about you from different sources, including the following: (i) information we receive from you or, if applicable, your financial intermediary, on applications, forms or other documents; (ii) information about your transactions with us, our affiliates, or others; (iii) information we receive from a consumer reporting agency; and (iv) from visits to our Web sites.

BlackRock does not sell or disclose to non-affiliated third parties any non-public personal information about its Clients, except as permitted by law or as is necessary to respond to regulatory requests or to service Client accounts. These non-affiliated third parties are required to protect the confidentiality and security of this information and to use it only for its intended purpose.

We may share information with our affiliates to service your account or to provide you with information about other BlackRock products or services that may be of interest to you. In addition, BlackRock restricts access to non-public personal information about its Clients to those BlackRock employees with a legitimate business need for the information. BlackRock maintains physical, electronic and procedural safeguards that are designed to protect the non-public personal information of its Clients, including procedures relating to the proper storage and disposal of such information.

These reports, including the financial information herein, are transmitted to shareholders of BlackRock Preferred and Corporate Income Strategies Fund, Inc. and BlackRock Preferred Income Strategies Fund, Inc. for their information. This is not a prospectus. The Funds leverage their Common Stock to provide Common Stock shareholders with potentially higher rates of return. Leverage creates risk for Common Stock shareholders, including the likelihood of greater volatility of net asset value and market price of Common Stock shares, and the risk that fluctuations in short-term interest rates may reduce the Common Stock's yield. Past performance results shown in these reports should not be considered a representation of future performance. Statements and other information herein are as dated and are subject to change.

A description of the policies and procedures that the Funds use to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling toll-free 1-800-441-7762; (2) at www.blackrock.com; and (3) on the Securities and Exchange Commission's Web site at http://www.sec.gov. Information about how the Funds voted proxies relating to securities held in the Funds' portfolios during the most recent 12-month period ended June 30 is available (1) at www.blackrock.com and (2) on the Securities and Exchange Commission's Web site at http://www.sec.gov.

BlackRock Preferred and Corporate Income Strategies Fund, Inc.
BlackRock Preferred Income Strategies Fund, Inc.
P.O. Box 9011
Princeton, NJ 08543-9011

BLACKROCK

#PCPIS-4/07

Item 2 - Code of Ethics - Not Applicable to this semi-annual report

Item 3 - Audit Committee Financial Expert - Not Applicable to this semi-annual report

Item 4 - Principal Accountant Fees and Services - Not Applicable to this semi-annual report

Item 5 - Audit Committee of Listed Registrants - Not Applicable to this semi-annual report

Item 6 - Schedule of Investments - The registrant's Schedule of Investments is included as part of the Report to Stockholders filed under Item 1 of this form.

Item 7 - Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies - Not Applicable to this semi-annual report

Item 8 - Portfolio Managers of Closed-End Management Investment Companies - Not Applicable to this semi-annual report

Item 9 - Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers - Not Applicable

Item 10 - Submission of Matters to a Vote of Security Holders - The registrant's Nominating Committee will consider nominees to the Board recommended by shareholders when a vacancy becomes available. Shareholders who wish to recommend a nominee should send nominations which include biographical information and set forth the qualifications of the proposed nominee to the registrant's Secretary. There have been no material changes to these procedures.

Item 11 - Controls and Procedures

11(a) - The registrant's principal executive and principal financial officers or persons performing similar functions have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing of this report based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 13a-15(b) under the Securities and Exchange Act of 1934, as amended.

11(b) - There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act (17 CFR 270.30a-3(d)) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12 - Exhibits attached hereto

12(a)(1) - Code of Ethics - Not Applicable to this semi-annual report

12(a)(2) - Certifications - Attached hereto

12(a)(3) - Not Applicable

12(b) - Certifications - Attached hereto

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BlackRock Preferred Income Strategies Fund, Inc.

By: /s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.,

Chief Executive Officer of
BlackRock Preferred Income Strategies Fund, Inc.

Date: June 19, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Robert C. Doll, Jr.

Robert C. Doll, Jr.,
Chief Executive Officer of
BlackRock Preferred Income Strategies Fund, Inc.

Date: June 19, 2007

By: /s/ Donald C. Burke

Donald C. Burke,
Chief Financial Officer of
BlackRock Preferred Income Strategies Fund, Inc.

Date: June 19, 2007

	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate
Loans from Huaneng Group				
Unsecured	665,015	665,015	–	4.28%-5.54%
Loans from HIPDC				
Unsecured				

1,700,210

1,700,210

–

4.28%-5.30%

Loans from Huaneng Finance

Unsecured

331,000

72,000

259,000

4.41%-5.84%

Total

2,696,225

2,437,225

259,000

Note: During the six months ended 30 June 2016, certain subsidiaries of the Company enforced the sales and leaseback agreements with Huanen Tiancheng. According to the agreements, subsidiaries have an option to buy back the equipment at a nominal price (RMB1) when the lease term expires in 2021. The substance of the transaction was to obtain financing secured by relevant assets within the leasing period. As at 30 June 2016, the power generation equipment mentioned above has a total carrying amount of RMB3.078 billion while the long-term borrowings from Huaneng Tiancheng is RMB2.945 billion.

12. LONG-TERM LOANS (Cont'd)

(b) Bank loans and other loans

Details of bank loans and other loans are as follows:

	As at 30 June 2016			
	RMB equivalent	Less: Current portion	Non-current portion	Annua interest rate
Secured	9,497,810	944,120	8,553,690	4.41%-4.90%
Unsecured	60,744,498	5,283,871	55,460,627	0.75%-5.65%
Total	70,242,308	6,227,991	64,014,317	

	As at 31 December 2015			
	RMB equivalent	Less: Current portion	Non-current portion	Annual interest rate
Secured	9,642,630	1,128,620	8,514,010	4.41%-6.15%
Unsecured	66,040,373	8,785,360	57,255,013	0.75%-6.55%
Total	75,683,003	9,913,980	65,769,023	

As at 30 June 2016, a long-term loan of RMB17 million (31 December 2015: RMB18 million) is secured by territorial waters use right with net book value amounting to RMB77.40 million (31 December 2015: RMB78.38 million).

As at 30 June 2016, a long-term loan of RMB67 million (31 December 2015: RMB67 million) is secured by certain property, plant and equipment with net book value amounting to RMB127 million (31 December 2015: RMB150 million).

As at 30 June 2016, long-term loans of approximately RMB9,414 million (31 December 2015: RMB9,558 million) were secured by future electricity revenue.

13. LONG-TERM BONDS

The Company issued bonds with maturity of 5 years, 7 years and 10 years in December 2007 with face values of RMB1 billion, RMB1.7 billion and RMB3.3 billion bearing annual interest rates of 5.67%, 5.75% and 5.90%, respectively. The total actual proceeds received by the Company were approximately RMB5.885 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 6.13%, 6.10% and 6.17%, respectively. Interest paid per annum during the tenure of the bonds is RMB57 million, RMB98 million and RMB195 million, respectively. The bond with original maturity of 5 years had matured in December 2012 and the Company repaid the principal of RMB1 billion. The bond with original maturity of 7 years had matured in December 2014 and the Company repaid the principal of RMB1.7 billion. As at 30 June 2016, interest payables for the unmatured bonds amounted to approximately RMB100.54 million (31 December 2015: RMB3.72 million).

The Company also issued bonds with maturity of 10 years in May 2008 with a face value of RMB4 billion bearing an annual interest rate of 5.20%. The actual proceeds received by the Company were approximately RMB3.933 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rate of bond is 5.42%. Interest paid per annum during the tenure of the bonds is RMB208 million. As at 30 June 2016, interest payable for these bonds amounted to approximately RMB30.20 million (31 December 2015: RMB134.69 million).

In November 2011 and January 2012, the Company issued non-public debt financing instrument with maturity of 5 years and 3 years with face values of RMB5 billion and RMB5 billion bearing annual interest rates of 5.74% and 5.24%, respectively. The actual proceeds received by the Company were approximately RMB4.985 billion and RMB4.985 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 6.04% and 5.54%, respectively. Interest paid per annum during the tenure of the bonds is RMB287 million and RMB262 million. The bond with original maturity of 3 years had matured in January 2015 and the Company repaid the principal of RMB5 billion. As at 30 June 2016, interest payable for the unmatured bond amounted to approximately RMB188.20 million (31 December 2015: RMB45.48 million).

The Company issued overseas listed bonds with maturity of 3 years in February 2013 with a face value of RMB1.5 billion bearing an annual interest rate of 3.85%. The proceeds received by the Company were approximately RMB1.495 billion. These bonds are denominated in RMB and issued at par. Interest is payable semiannually while principal will be paid when the bonds fall due. The annual effective interest rate of the bonds is 3.96%. Interest paid per annum during the tenure of the bonds is RMB58 million. The bond had matured in February 2016 and the Company repaid the principal of RMB1.5 billion.

The Company issued non-public debt financing instrument with maturity of 3 years in June 2013 with a face value of RMB5 billion bearing an annual interest rate of 4.82%. The proceeds received by the Company were approximately RMB4.985 billion. The bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rate of the bonds is 5.12%. Interest paid per annum during the tenure of the bonds is RMB241 million. The bond had matured in June 2016 and the Company repaid the principal of RMB5 billion.

13. LONG-TERM BONDS (Cont'd)

The Company issued medium-term notes with maturity of 5 years in July 2014 with a face value of RMB4 billion bearing an annual interest rate of 5.30%. The actual proceeds received by the Company were approximately RMB3.988 billion. These notes are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the notes fall due. The annual effective interest rate of these notes is 5.37%. Interest paid per annum during the tenure of the notes is RMB212 million. As at 30 June 2016, interest payable for the bonds amounted to approximately RMB204.47 million (31 December 2015: RMB99.05 million).

The Company issued bonds with maturity of 5 years and 10 years in June 2016 with face values of RMB3 billion and RMB1.2 billion bearing annual interest rates of 3.48% and 3.98%, respectively. The total actual proceeds received by the Company were approximately RMB4.2 billion. These bonds are denominated in RMB and issued at par. Interest is payable annually while principal will be paid when the bonds fall due. The annual effective interest rates of those bonds are 3.48% and 3.98%, respectively. Interest paid per annum during the tenure of the bonds is RMB104.40 million and RMB47.76 million, respectively. As at 30 June 2016, interest payable for the bonds amounted to approximately RMB5.15 million and RMB2.36 million, respectively.

Please refer to Note 23(d) for details of long-term bonds of the Company guaranteed by HIPDC and government-related banks.

14. OTHER NON-CURRENT LIABILITIES

	As at 30 June 2016	As at 31 December 2015
Finance lease payables	1,235,785	1,422,572
Government Grant		
– Environmental subsidies (a)	1,041,326	1,093,483
– Other government grant	171,683	164,394
Others	944,198	981,312
Subtotal	3,392,992	3,661,761
Current portion of finance lease payables	(680,174)	(519,306)
Current portion of other non-current liabilities	–	(20,000)
Subtotal	(680,174)	(539,306)
Total	2,712,818	3,122,455

(a) These primarily represented subsidies for the construction of desulphurization equipment and other environmental protection projects.

15. ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities comprised:

	As at 30 June 2016	As at 31 December 2015
Accounts and notes payable	8,734,732	9,403,088
Provisions	7,586	15,001
Other payables and accrued liabilities	14,770,114	16,767,675
Total	23,512,432	26,185,764

Aging analysis of accounts and notes payable was as follows:

	As at 30 June 2016	As at 31 December 2015
Within 1 year	8,510,066	9,280,736
Between 1 to 2 years	164,148	78,682
Over 2 years	60,518	43,670
Total	8,734,732	9,403,088

16. SHORT-TERM BONDS

The Company issued unsecured short-term bonds with a face values of RMB5 billion and RMB3 billion bearing annual interest rate of 4.44% and 3.17% in April 2015 and August 2015. Such bond is denominated in RMB, issued at par and mature in 366 days. The annual effective interest rates of these bonds is 4.86% and 3.58%. The bond with the annual interest rate of 4.44% had matured and were fully repaid in April 2016. As at 30 June 2016, interest payables for the outstanding bonds amounted to approximately RMB82.11 million.

The Company issued unsecured super short-term bonds with face values of RMB2 billion, RMB2 billion, RMB2 billion and RMB5 billion bearing annual interest rates of 3.11%, 3.10% , 3.38% and 3.05%, in June 2015, June 2015, June 2015 and July 2015, respectively. Such bonds are denominated in RMB, issued at face value and mature in 270 days from the issuance dates. The annual effective interest rates of these bonds are 3.42%, 3.41%, 3.69% and 3.36%. These bonds were fully repaid in March 2016, March 2016, March 2016 and April 2016 respectively.

The Company issued unsecured super short-term bonds with face values of RMB2 billion, RMB2 billion, RMB2 billion, RMB4 billion, RMB3 billion and RMB3 billion bearing annual interest rates of 2.59%, 2.48%, 2.48%, 2.42%, 2.62% and 2.73%, in March 2016, March 2016, March 2016, April 2016, April 2016 and May 2016, respectively. Such bonds are denominated in RMB, issued at face value and mature in 270 days from the issuance dates. The annual effective interest rates of these bonds are 2.90%, 2.79%, 2.79%, 2.73%, 2.93% and 3.04%. As at 30 June 2016, interest payables for the outstanding bonds amounted to approximately RMB17.12 million, RMB15.43 million, RMB13.32 million, RMB21.48 million, RMB15.07 million and RMB7.85 million, respectively.

17. SHORT-TERM LOANS

Short-term loans are as follows:

	As at 30 June 2016		As at 31 December 2015	
	RMB equivalent	Annual interest rate	RMB equivalent	Annual interest rate
Secured	–	–	307,149	3.19%-4.30%
Unsecured	50,390,772	3.83%-4.37%	49,576,340	3.83%-5.60%
Total	50,390,772		49,883,489	

As at 31 December 2015, short-term loans of RMB307 million represented the notes receivable that were discounted with recourse. All these notes receivable had matured during the report period.

As at 30 June 2016, short-term loans from Huaneng Finance amounted to RMB2,346 million (31 December 2015: RMB2,376 million), with the annual interest rates from 3.92% to 4.37% (31 December 2015: 3.92% to 5.32%).

18. ADDITIONAL FINANCIAL INFORMATION ON UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

As at 30 June 2016, the net current liabilities of the Company and its subsidiaries amounted to approximately RMB84,621 million (31 December 2015: RMB90,271 million) and total assets less current liabilities were approximately RMB191,385 million (31 December 2015: RMB185,030 million).

19. PROFIT BEFORE INCOME TAX EXPENSE

Profit before income tax expense was determined after charging/(crediting) the following:

	For the six months ended 30 June 2016	2015
Total interest expense on borrowings	3,667,480	4,522,881
Less: amounts capitalized in property, plant and equipment	287,977	435,112
Interest expense charged in unaudited condensed consolidated interim statement of comprehensive income	3,379,503	4,087,769
Operating lease charge	263,778	216,934
Depreciation of property, plant and equipment	7,419,917	7,085,140
Net loss on disposal of non-current assets	41,965	68,148
Impairment loss of property, plant and equipment	96,027	–
Impairment loss of investment in an associate	–	178,131
Impairment loss of land use right	51,980	–
Reversal of provision of doubtful accounts	(212)	(2,503)
(Reversal)/recognition of provision for inventory obsolescence	(270)	1,552
Government grants	(122,263)	(500,376)

Other operating expenses consist of impairment loss of property, plant and equipment, land use right and investment in an associate, environmental protection expenses, substituted power arrangement expenses, insurance, government grants and other miscellaneous expenses.

20. INCOME TAX EXPENSE

No Hong Kong profits tax has been provided as there were no estimated assessable profits in Hong Kong for the six months ended 30 June 2016 (for the six months ended 30 June 2015: nil).

The Company and its PRC branches and subsidiaries are subject to income tax at 25%, except for certain PRC subsidiaries that are taxed at preferential tax rates ranging from 0% to 15%.

Pursuant to Guo Shui Han [2009] No. 33, starting from 1 January 2008, the Company and its PRC branches calculate and pay income tax on a consolidated basis according to relevant tax laws and regulations. The income tax of subsidiaries remains to be calculated individually based on their individual operating results.

For the six months ended 30 June 2016, the income tax rate applicable to Singapore subsidiaries is 17% (for the six months ended 30 June 2015: 17%).

21. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the equity holders of the Company by the weighted average number of the Company's outstanding ordinary shares during the period:

	For the six months ended 30 June	
	2016	2015
Consolidated net profit attributable to equity holders of the Company	6,176,840	8,950,784
Weighted average number of the Company's outstanding ordinary shares ('000)	15,200,383	14,420,383
Basic earnings per share (RMB)	0.41	0.62

There was no dilutive effect on earnings per share since the Company had no dilutive potential ordinary shares for the six months ended 30 June 2016 and 2015.

22. BANK BALANCES AND CASH

Bank balances and cash comprised the following:

	As at 30 June 2016	As at 31 December 2015
Restricted cash	58,883	59,563
Cash and cash equivalents	8,858,985	7,478,250
Total	8,917,868	7,537,813

23. RELATED PARTY TRANSACTIONS

The related parties of the Company and its subsidiaries that had transactions with the Company and its subsidiaries are as follows:

Names of related parties	Nature of relationship
Huaneng Group	Ultimate parent company
HIPDC	Parent company
Huaneng Energy & Communications Holdings Co., Ltd. and its subsidiaries	Subsidiaries of Huaneng Group*
Huaneng Property Co., Ltd. and its subsidiaries	Subsidiaries of Huaneng Group
Xi'an Thermal Power Research Institute Co., Ltd and its subsidiaries	Subsidiaries of Huaneng Group
Huaneng Group Technology Innovation Center	A subsidiary of Huaneng Group
Huaneng Hulunbeier Energy Development Company Ltd.	A subsidiary of Huaneng Group
Gansu Huating Coal and Power Co., Ltd.	A subsidiary of Huaneng Group
Alltrust Insurance Co., Ltd.	A subsidiary of Huaneng Group
North United Power Co., Ltd. and its subsidiaries	A subsidiary of Huaneng Group
China Huaneng Group Clean Energy Technology Research Institute Co., Ltd.	A subsidiary of Huaneng Group
Huaneng Renewables Corporation Limited	A subsidiary of Huaneng Group
Huaneng Shandong Power Limited Company and its subsidiaries	Subsidiaries of Huaneng Group
Huaneng Carbon Assets Management Company Limited	A subsidiary of Huaneng Group
Huaneng Huajialing Wind Power Co., Ltd.	A subsidiary of Huaneng Group
China Huaneng Group Hong Kong Limited	A subsidiary of Huaneng Group
Huaneng Lancangjiang Hydropower Co., Ltd.	A subsidiary of Huaneng Group
Huaneng Henan Zhongyuan Gas Power Generation Co., Ltd.	A subsidiary of Huaneng Group
Beijing Changping Huaneng Training Center	A subsidiary of Huaneng Group
Huaneng Hainan Industrial Co., Ltd.	A subsidiary of Huaneng Group
Shandong Rizhao Power Company Ltd.	An associate of the Company and also a subsidiary of Huaneng Group
Huaneng Tiancheng	An associate of the Company and also a subsidiary of Huaneng Group
Huaneng Xiapu Nuclear Power Co., Ltd.	An associate of the Company and also a subsidiary of Huaneng Group
Huaneng Finance	An associate of the Company and also a subsidiary of Huaneng Group
China Huaneng Group Fuel Co., Ltd. and its subsidiaries	An associate of the Company and also a subsidiary of Huaneng Group

Hainan Nuclear Power Co., Ltd.	An associate of the Company
Huaneng (Tianjing) Coal Gasification Power Generation Co., Ltd.	An associate of the Company and also a subsidiary of Huaneng Group
Chongqing Huaneng Lime Company Limited	An associate of the Company
Shanghai Time Shipping Limited Company	A joint venture of the Company
Jiangsu Nantong Power Generation Co., Ltd.	A joint venture of the Company
Huaneng Yingkou Port Limited Liability Company	A joint venture of the Company
Subsidiaries of Jiangsu Province Guoxin Asset Management Group Limited Company (“Jiangsu Guoxin”)**	Other related party
Other government-related enterprises***	Related parties of the Company

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23. RELATED PARTY TRANSACTIONS (Cont'd)

* Transactions with subsidiaries of Huaneng Group which also are associates of the Company are presented as transactions with subsidiaries of Huaneng Group for note 23(a), 23(b) and 23(c).

** Before 10 March 2015, the former director of the Company, Mr. Xu Zujian also serves as the Vice President of Jiangsu Guoxin. On 10 March 2015, Mr. Xu Zujian resigned from the position of the non-executive director. Meanwhile, Jiangsu Guoxin holds 30%, 30%, 26.36%, 30% and 21% equity interest of Huaneng Nanjing Combined Cycle Co-generation Co., Ltd., Huaneng Nantong Power Generation Limited Liability Company, Huaneng Huaiyin II Power Limited Company, Huaneng Nanjing Jinling Power Co., Ltd. and Jinling CCGT, respectively.

*** Huaneng Group is a state-owned enterprise. In accordance with the revised IAS 24, 'Related Party Disclosures', government-related enterprises, other than entities under Huaneng Group, which the PRC government has control, joint control or significant influence over are also considered as related parties of the Company and its subsidiaries ("other government-related enterprises").

The majority of the business activities of the Company and its subsidiaries are conducted with other government-related enterprises. For the purpose of the related party transactions disclosure, the Company and its subsidiaries have established procedures to determine, to the extent possible, the identification of the ownership structure of its customers and suppliers as to whether they are government-related enterprises. However, many government-related enterprises have a multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatization programs. Nevertheless, management believes that all material related party transactions have been adequately disclosed.

In addition to the related party information shown elsewhere in this unaudited condensed consolidated interim financial information, the following is a summary of significant related party transactions entered into in the ordinary course of business between the Company and its subsidiaries and their related parties during the period.

23. RELATED PARTY TRANSACTIONS (Cont'd)

(a) Procurement of goods and receiving services

	For the six months ended 30 June 2016	2015
Huaneng Group		
Technical services and engineering contracting services	–	29
Subsidiaries of Huaneng Group		
Purchase of coal and transportation services	6,818,938	8,437,594
Purchase of equipment	154,142	112,502
Purchase of materials	5,932	9,355
Technical services and engineering contracting services	224,917	133,976
Purchase of power generation quota	27,205	–
Premiums for property insurance	145,370	124,974
Purchase of electricity	3,587	3,541
Joint ventures of the Company		
Purchase of coal and transportation services	862,451	870,056
Associates of the Company		
Purchase of lime	25,107	29,412

23. RELATED PARTY TRANSACTIONS (Cont'd)

(b) Sales of goods and providing services

	For the six months ended 30 June	
	2016	2015
Subsidiaries of Huaneng Group		
Sales of power generation quota	29,824	76,725
Sales of capacity quota	–	20,000
Transportation service provided	6,441	5,386
Sales of electricity	1,158	1,111
Handling service provided	333	1,386
Sales of materials	425	–
Joint ventures of the Company		
Labor service provided	2,612	57,170
Sales of capacity quota	–	7,650
Sale of steam	5,421	29,097
Maintenance service provided	1,140	–
Other related party		
Provision of entrusted power generation	9,406	–

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23. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Other related party transactions

(i) Rental charge on leasehold

	For the six months ended 30 June	
	2016	2015
HIPDC	77,342	78,104
Subsidiaries of Huaneng Group	65,476	65,183

(ii) Rental income from leasehold

	For the six months ended 30 June	
	2016	2015
Subsidiaries of Huaneng Group	2,024	842
A joint venture of the Company	541	–

(iii) Drawdown of loans

	For the six months ended 30 June	
	2016	2015
A subsidiary of Huaneng Group	1,410,000	1,490,000

(iv) Interest expense

	For the six months ended 30 June	
	2016	2015
Huaneng Group	14,376	17,336
HIPDC	13,131	9,057
Subsidiaries of Huaneng Group	93,364	88,238

(v) Interest income on loans

	For the six months ended 30 June	
	2016	2015
A joint venture of the Company	1,810	220

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23. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Other related party transactions (Cont'd)

(vi) Capital injection from a subsidiary of Huaneng Group

	For the six months ended 30 June 2016	2015
A subsidiary of Huaneng Group	–	266,140

(vii) Capital injection to subsidiaries of Huaneng Group

	For the six months ended 30 June 2016	2015
A subsidiary of Huaneng Group	67,500	567,000
An associate of the Company	56,295	–

(viii) Pre-construction cost paid by

	For the six months ended 30 June 2016	2015
A subsidiary of Huaneng Group	11,564	35,328

(ix) Finance lease received from

	For the six months ended 30 June 2016	2015
A subsidiary of Huaneng Group	2,960,000	100,000

(x) Entrusted management fee

	For the six months ended 30 June 2016	2015
Huaneng Group	12,475	12,475

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23. RELATED PARTY TRANSACTIONS (Cont'd)

(c) Other related party transactions (Cont'd)

(xi) Trusteeship management income

	For the six months ended 30 June 2016	2015
Huaneng Group	850	850

(d) Guarantees

	As at 30 June 2016	As at 31 December 2015
(i) Loans guaranteed by		
– Huaneng Group	645,104	713,994
– HIPDC	2,160,000	2,228,000
(ii) Long-term bonds guaranteed by		
– HIPDC	4,000,000	4,000,000
– Government-related banks	3,300,000	3,300,000

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23. RELATED PARTY TRANSACTIONS (Cont'd)

(d) Guarantees (Cont'd)

Transactions with other government-related enterprises

For the six months ended 30 June 2016 and 2015, the Company and its domestic subsidiaries sold substantially all their products to local government-related power grid companies. Please refer to Note 4 for details of sales information to major power grid companies. The Company and its domestic subsidiaries maintained most of its bank deposits in government-related financial institutions while lenders of most of the Company and its domestic subsidiaries' loans are also government-related financial institutions.

For the six months ended 30 June 2016 and 2015, other collectively-significant transactions with government-related enterprises also include a large portion of fuel purchases, property, plant and equipment construction and related labor employed.

(e) Pre-tax benefits and social insurance of key management personnel

	For the six months ended 30 June	
	2016	2015
Salaries	4,456	4,133
Pension	772	675
Total	5,228	4,808

24. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments

	As at 30 June 2016	As at 31 December 2015
Contracted but not provided for	18,800,002	20,388,412

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24. CAPITAL AND OTHER COMMITMENTS (Cont'd)

(b) Other material long-term commitments

The Company and its subsidiaries have entered into various long-term fuel supply agreements with various suppliers in securing fuel supply for various periods. All the agreements require minimum, maximum or forecasted volume purchases and subject to certain termination provisions. Related purchase commitments are as follows:

		As at 30 June 2016		As at 31 December 2015	
	Periods	Purchase quantities	Estimated unit costs (RMB)	Purchase quantities	Estimated unit costs (RMB)
A government-related enterprise	2016-2039	2.8 million m3/day *	2.04/m3	2.8 million m3/day*	2.13/m3
A government-related enterprise	2016-2023	541 million m3/year*	1.91/m3	541 million m3/year*	1.91/m3
	2016-2023	450 million m3/year*	1.91/m3	450 million m3/year*	1.91/m3
Other suppliers	2016	244.5 BBtu**/day	approximately 45,000/BBtu	244.5 BBtu**/day	approximately 40,000/BBtu
	2017-2022	248 BBtu/day	approximately 45,000/BBtu	248 BBtu/day	approximately 40,000/BBtu
	2023	247.5 BBtu/day	approximately 45,000/BBtu	247.5 BBtu/day	approximately 40,000/BBtu
	2024-2028	49.9 BBtu/day	approximately 55,000/BBtu	49.9 BBtu/day	approximately 55,000/BBtu

* The quantities represent maximum volume, others represent minimum or forecasted volume if not specified.

** BBtu: Billion British Thermal Unit

25. PENDING ARBITRATION

In April 2015, a subsidiary's construction contractor filed for an arbitration, demanding a compensation of RMB83.46 million, inclusive of interests from the subsidiary. As the arbitration is ongoing, the amount of settlement cannot be estimated reliably. No provision has been recognized as at 30 June 2016.

26. SUBSEQUENT EVENT

The Company issued the 2016 7th super short-term bonds with a face value of RMB4 billion bearing annual interest rate of 2.50% in July 2016, such bonds are denominated in RMB and mature in 270 days.

Financial Statements Reconciliation between PRC GAAP and IFRS

The financial statements, which are prepared by the Company and its subsidiaries in conformity with the Accounting Standards for Business Enterprises ("PRC GAAP"), differ in certain respects from that of IFRS. Major impact of adjustments for IFRS, on the consolidated net profit and equity attributable to equity holders of the Company, are summarized as follows:

	Consolidated net profit attributable to equity holders of the Company For the six months ended 30 June		Total equity attributable to equity holders of the Company	
			As at 30	As at 31 December
	2016	2015	June 2016	2015
Consolidated net profit/equity attributable to equity holders of the Company under PRC GAAP	6,292,313	9,058,576	79,565,541	79,408,970
Impact of IFRS adjustments:				
Effect of reversal of the recorded the amounts received in advance of previous years (a)	23,511	97,261	–	(23,511)
Amortization of the difference in the recognition of housing benefits of previous years (b)	(470)	(470)	(138,993)	(138,523)
Difference on depreciation related to borrowing costs capitalized in previous years (c)	(13,508)	(13,508)	222,993	236,501
Differences in accounting treatment on business combinations under common control and depreciation and amortization of assets acquired in business combinations under common control (d)	(238,179)	(258,898)	5,283,649	5,521,828
Others	6,915	(99,374)	(222,704)	(220,738)
Applicable deferred income tax impact of the GAAP differences above (e)	61,936	64,435	440,210	378,274
Profit/Equity attributable to non-controlling interests on the adjustments above	44,322	102,762	(976,874)	(1,020,853)
Consolidated net profit/equity attributable to equity holders of the Company under IFRS	6,176,840	8,950,784	84,173,822	84,141,948

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(A) EFFECT OF RECORDING THE AMOUNTS RECEIVED IN ADVANCE OF PREVIOUS YEARS

In accordance with the tariff setting mechanism applicable to certain power plants of the Company in previous years, certain power plants of the Company received payments in advance in the previous years (calculated at 1% of the original cost of fixed assets) as the major repair and maintenance cost of these power plants. Such receipts in advance are recognized as liabilities under IFRS and are recognized in profit or loss when the repairs and maintenance is performed and the liabilities are extinguished. In accordance with PRC GAAP, when preparing the financial statements, revenue is computed based on actual power sold and the tariff currently set by the State, no such amounts are recorded.

(B) DIFFERENCE IN THE RECOGNITION OF HOUSING BENEFITS TO THE EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES IN PREVIOUS YEARS

The Company and its subsidiaries once provided staff quarters to the employees of the Company and its subsidiaries and sold such staff quarters to the employees of the Company and its subsidiaries at preferential prices set by the local housing reform office. Difference between cost of the staff quarters and proceeds from the employees represented the housing losses, and was borne by the Company and its subsidiaries.

Under Previous Accounting Standards and Accounting System (“Previous PRC GAAP”) , in accordance with the relevant regulations issued by the Ministry of Finance, such housing losses incurred by the Company and its subsidiaries are fully charged to non-operating expenses in previous years. Under IFRS, such housing losses incurred by the Company and its subsidiaries are recognized on a straight-line basis over the estimated remaining average service lives of the employees.

(C) EFFECT OF DEPRECIATION ON THE CAPITALIZATION OF BORROWING COSTS IN PREVIOUS YEARS

In previous years, under Previous PRC GAAP, the scope of capitalization of borrowing costs was limited to specific borrowings, and thus, borrowing costs arising from general borrowings were not capitalized. In accordance with IFRS, the Company and its subsidiaries capitalized borrowing on general borrowing used for the purpose of obtaining qualifying assets in addition to the capitalization of borrowing costs on specific borrowings. From 1 January 2007 onwards, the Company and its subsidiaries adopted PRC GAAP No. 17 prospectively, the current adjustments represent the related depreciation on capitalized borrowing costs included in the cost of related assets under IFRS in previous years.

(D) DIFFERENCES IN ACCOUNTING TREATMENT ON BUSINESS COMBINATIONS UNDER COMMON CONTROL

Huaneng Group is the parent company of HIPDC, which in turn is also the ultimate parent of the Company. The Company carried out a series of acquisitions from Huaneng Group and HIPDC. As the acquired power companies and plants and the Company were under common control of Huaneng Group before and after the acquisitions, such acquisitions are regarded as business combinations under common control.

In accordance with PRC GAAP, under common control business combination, the assets and liabilities acquired in business combinations are measured at the carrying amounts of the acquirees on the acquisition date. The difference between carrying amounts of the net assets acquired and the consideration paid is adjusted to equity account of the acquirer. The operating results for all periods presented are retrospectively restated as if the current structure and operations resulting from the acquisition had been in existence since the beginning of the earliest year presented, with financial data of previously separate entities consolidated. The cash consideration paid by the Company is treated as an equity transaction in the year of acquisition.

For the business combination occurred prior to 1 January 2007, in accordance with Previous PRC GAAP, when equity interests acquired is less than 100%, the assets and liabilities of the acquirees are measured at their carrying amounts. The excess of consideration over the proportionate share of the carrying amounts of the net assets acquired was recorded as equity investment difference and amortized on a straight-line basis for not more than 10 years. When acquiring the entire equity, the entire assets and liabilities are accounted for in a method similar to purchase accounting. Goodwill arising from such transactions is amortized over the estimated useful lives on a straight-line basis. On 1 January 2007, in accordance with PRC GAAP, the unamortized equity investment differences and goodwill arising from business combinations under common control were written off against undistributed profits.

Under IFRS, the Company and its subsidiaries adopted the purchase method to account for the acquisitions above. The assets and liabilities acquired in acquisitions were recorded at fair value by the acquirer. The excess of acquisition cost over the proportionate share of fair value of net identifiable assets acquired was recorded as goodwill. Goodwill is not amortized but is tested annually for impairment and carried at cost less accumulated impairment losses. The operating results of the acquirees are consolidated in the operating results of the Company and its subsidiaries from the acquisition dates onwards.

As mentioned above, the differences in accounting treatment under PRC GAAP and IFRS on business combinations under common control affect both equity and profit. Meanwhile, due to different measurement basis of the assets acquired, depreciation and amortization in the period subsequent to the acquisition will be affected which will also affect the equity and profit or loss upon subsequent disposals of such investments. Such differences will be gradually eliminated following subsequent depreciation, amortization and disposal of related assets.

(E) DEFERRED INCOME TAX IMPACT ON GAAP DIFFERENCES

This represents related deferred income tax impact on the GAAP differences above where applicable.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed, thereunto duly authorized.

HUANENG POWER INTERNATIONAL, INC.

By /s/ Du Daming

Name:	Du Daming
Title:	Company Secretary

Date: August 23, 2016