

COLONIAL INTERMEDIATE HIGH INCOME FUND  
Form N-CSR  
July 03, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5567  
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COLONIAL INTERMEDIATE HIGH INCOME FUND  
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(Exact name of registrant as specified in charter)

One Financial Center, Boston, Massachusetts 02111  
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(Address of principal executive offices) (Zip code)

Jean S. Loewenberg, Esq.  
Columbia Management Group, Inc.  
One Financial Center  
Boston, MA 02111  
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(Name and address of agent for service)

Registrant's telephone number, including area code: 1-617-426-3750  
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Date of fiscal year end: October 31, 2003  
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Date of reporting period: April 30, 2003  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

COLONIAL INTERMEDIATE HIGH INCOME FUND                      Semiannual Report

April 30, 2003

graphic: Pages from The Wall Street Journal, calculator.

artwork: President's Message

DEAR SHAREHOLDER:

The US bond market continued to reward investors with solid returns. Bonds reported gains across all sectors as interest rates declined. However, leadership rotated from higher quality bonds, which were the top performers in the previous period, to lower quality bonds. Corporate and high-yield bonds rebounded as investors became more willing to take on risk, as prices became more attractive and as companies cleaned up their balance sheets in the wake of last year's accounting scandals. For a more detailed discussion of the events of the period and the performance of the fund, see the Portfolio Managers' Report, that follows this letter.

CONSOLIDATION--AND A NEW NAME

I am pleased to announce that, effective April 1, 2003, six of the asset management firms brought together when Columbia Management was formed were consolidated and renamed Columbia Management Advisors, Inc. (Columbia Management). This consolidation does not affect the management or investment objectives of your fund and is the next step in our efforts to create a consistent identity and to streamline our organization. By consolidating these firms, we are able to create a more efficient organizational structure and strengthen certain key functions, such as research. Although the name of the asset manager familiar to you has changed, what hasn't changed is the commitment of our specialized investment teams to a multi-disciplined approach to investing, focused on our goal of offering shareholders the best products and services.

Sincerely,

/s/ Joseph R. Palombo

Joseph R. Palombo  
President

box:

MEET THE NEW PRESIDENT

Joseph R. Palombo, president and chairman of the Board of Trustees for Liberty Funds, is also chief operating officer and executive vice president of Columbia Management. Mr. Palombo has over 19 years of experience in the financial services industry. Prior to joining Columbia Management, he was chief operating officer and chief compliance officer for Putnam Mutual Funds. Prior to that, he was a partner at Coopers & Lybrand. Mr. Palombo received his degree in economics/accounting from the College of the Holy Cross, where he was a member of Phi Beta Kappa. He earned his master's degree in taxation from Bentley College and participated in the Executive Program at the Amos B. Tuck School at Dartmouth College.

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end box

box:

O NOT FDIC INSURED O MAY LOSE VALUE O NO BANK GUARANTEE

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Economic and market conditions change frequently. There is no assurance that trends described in this report will continue or commence.

## PORTFOLIO MANAGERS' REPORT

### A RECOVERY FOR HIGH-YIELD BOND MARKET

Colonial Intermediate High Income Fund returned 23.14% at net asset value (NAV) for the six-month period ended April 30, 2003. Although we are pleased to report such strong performance during such a challenging time in the financial markets, we note that the fund underperformed the Lipper High Current Yield Funds (Leveraged) Category average, which returned 31.71%.<sup>1</sup> We believe the fund lagged its peer group primarily because of its emphasis on higher quality bonds during a period when lower quality bonds led the market.

The high-yield bond market bounced back strongly during the six-month period, led by utilities and information technology, two of the most volatile sectors in recent years. Several factors contributed to this strong recovery. At the beginning of the period, yields on high-yield bonds were at historically high levels compared to Treasuries. This yield differential narrowed, causing high-yield bond prices to rise. In addition, the portion of the market represented by distressed credits--those bonds valued at less than 50% of their original issue price--dropped to its lowest level since September 1999.

Under pressure from the accounting scandals of 2002, many companies focused on strengthening their balance sheets and making their accounting more transparent. The default rate continued to decline. As of April 30, 2003, the 12-month default rate was 4.6%-- its lowest rate since November 2000.<sup>2</sup> Lending institutions began to extend credit to firms in the high-yield universe that had demonstrated solid operations, which allowed companies to continue to fund improvements and to acquire additional assets. As optimism among high yield investors grew, inflows into high-yield bonds rose by 75% compared to the same period one year ago.

### AN INCREASED FOCUS ON LOWER-RATED CREDITS

During the preceding 12-month period, the fund had increased its stake in higher quality bonds in an effort to reduce potential portfolio risk.

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<sup>1</sup> Lipper Inc., a widely respected data provider, calculates an average total return for mutual funds with similar investment objectives.

<sup>2</sup> As measured by Moody's Investors Service, a bond-rating agency.

sidebar:

TOP CORPORATE ISSUERS AS OF  
4/30/03 (%)

Allied Waste North

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|                                |       |
|--------------------------------|-------|
| America                        | 1.9   |
| -----                          | ----- |
| Huntsman                       | 1.6   |
| -----                          | ----- |
| Nextel Communications          | 1.6   |
| -----                          | ----- |
| CSC Holdings                   | 1.3   |
| -----                          | ----- |
| Premier International<br>Foods | 1.2   |
| -----                          | ----- |
| J.P. Morgan Chase              | 1.1   |
| -----                          | ----- |
| D.R. Horton                    | 1.1   |
| -----                          | ----- |
| Charter Communications         | 1.1   |
| -----                          | ----- |
| Quebecor Media                 | 1.1   |
| -----                          | ----- |
| Pogo Producing                 | 1.1   |
| -----                          | ----- |

Corporate issuers are calculated as a percentage of total investments including short-term investments. Because the fund is actively managed, there is no guarantee the fund will continue to hold securities of these issuers in the future.

TOP 5 SECTOR BREAKDOWN AS  
OF 4/30/03 (%)

|                                |       |
|--------------------------------|-------|
| Amusement & Recreation         | 11.4  |
| -----                          | ----- |
| Chemicals & Allied<br>Products | 8.9   |
| -----                          | ----- |
| Oil & Gas Extraction           | 8.5   |
| -----                          | ----- |
| Cable                          | 8.2   |
| -----                          | ----- |
| Health services                | 7.8   |
| -----                          | ----- |

Sector breakdowns are calculated as a percentage of net assets. Because the fund is actively managed, there is no guarantee the fund will continue to hold securities in these sectors in the future.

6-MONTH DISTRIBUTIONS  
DECLARED PER SHARE  
11/1/02 - 4/30/03

\$0.16

6-MONTH TOTAL RETURNS,  
ASSUMING REINVESTMENT OF  
ALL DISTRIBUTIONS (%)

|              |       |
|--------------|-------|
| NAV          | 23.14 |
| -----        | ----- |
| Market price | 30.31 |
| -----        | ----- |

PRICE PER SHARE ON 4/30/03

NAV \$3.26

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Market price \$3.45  
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PORTFOLIO MANAGERS' REPORT (CONTINUED)

However, as signs of the market's renewed strength began to emerge, we began to focus more aggressively on lower-rated credits that we believe offer attractive opportunity, including CCC-rated bonds--the best performing high-yield sector during the six-month period. In this regard, we increased our utilities exposure from 3.0% to 7.6%. Our additions to Williams Companies and AES in the utilities sector (1.0% and 1.2% of net assets, respectively) enabled us to participate in strong rebounds during the period.<sup>3</sup>

We also raised our wireless telecommunications exposure from 2.8% to 4.8%. In the information technology sector, we added Lucent Technology based on our conviction that its price had bottomed. We believed that negative market sentiment had unfairly penalized Lucent's valuations and investor expectations for continued industry weakness were overdone. Although our recent focus on lower-rated bonds resulted in positive performance, the timing of our shift kept us from fully participating in the sector's strong gains.

bar chart:

COLONIAL INTERMEDIATE HIGH INCOME FUND VS.  
LIPPER HIGH CURRENT YIELD FUNDS  
(LEVERAGED) CATEGORY AVERAGE  
10/31/02-4/30/03

Colonial Intermediate High Income (NAV): 23.14

Lipper High Current Yield Funds (Leveraged) Category Average: 31.71

Past performance cannot predict future results. The principal value and investment returns will fluctuate, resulting in a gain or loss on sale. All results shown assume reinvestment of distributions. High-yield investing offers the potential for high income and attractive total returns, but also involves certain risks. These include credit risks associated with lower-rated bonds, changes in interest rates, and certain risks associated with foreign investments. Investing in high-yield bonds involves greater credit risk and other risks not associated with investing in higher quality bonds. Bond investing also involves interest rate risk, which means that bond prices may change as interest rates increase or decrease. Foreign investment involve market risk, political, accounting, and currency risks not associated with domestic investments.

Lipper, Inc., a widely respected data provider, calculates an average total return for mutual funds with similar investment objectives.

Returns are computed at net asset value.  
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<sup>3</sup> Holdings are disclosed as of April 30, 2003 and are subject to change.

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## PORTFOLIO MANAGERS' REPORT (CONTINUED)

### HIGH YIELD POSITIONED TO BENEFIT FROM A STRONGER ECONOMY

Looking ahead, we plan to monitor both the direction of the economy and the continued default rate among high-yield issuers. While the timing of a recovery is still uncertain, we believe that the high-yield market has the potential to deliver solid total returns. Valuations remain favorable and stronger corporate earnings would have a positive impact on the high-yield universe.<sup>3</sup>

Sincerely,

/s/ Gregg R. Smalley

/s/ June M. Giroux

Gregg R. Smalley

June M. Giroux

/s/ Kevin L. Cronk

/s/ Thomas A. LaPointe

Kevin L. Cronk

Thomas A. LaPointe

Gregg R. Smalley is portfolio manager of the Colonial Intermediate High Income Fund. Mr. Smalley is a Vice President of Columbia Management Advisors, Inc.

June M. Giroux, CFA, Vice President of Columbia and a member of its High Yield Portfolio Management Team, has co-managed the Fund since February, 2003. Ms. Giroux joined Columbia in September, 2000 as a senior research analyst specializing in the energy, information technology, and packaging industries, as well as in special situations. Prior to joining the advisor, Ms. Giroux was a vice president and senior high yield analyst at State Street Research & Management from March, 1996 to August, 2000.

Kevin L. Cronk, CFA, Vice President of Columbia and a member of its High Yield Portfolio Management Team, has co-managed the Fund since February, 2003. Mr. Cronk joined Columbia in August, 1999 as a senior research analyst specializing in the chemicals, healthcare and telecom industries. Prior to joining the advisor, Mr. Cronk was an investment associate in the High Yield Group at Putnam Investments from May, 1996 to July, 1999.

Thomas A. LaPointe, CFA, Vice President of Columbia and a member of its High Yield Portfolio Management Team, has co-managed the Fund since February, 2003. Mr. LaPointe joined Columbia in February, 1999 as a senior member of the Fixed Income Department's research group and has provided high yield analytical support to mutual funds investing in the metals, gaming and European telecom industries. Prior to joining the advisor, Mr. LaPointe was a convertible arbitrage analyst at the Canadian Imperial Bank of Commerce from April, 1998 to February, 1999.

Past performance is no guarantee of future investment results.

Investing in high-yield bonds involves greater credit risk and other risks not associated with investing in higher-quality bonds. Bond investing also involves interest rate risk, which means that bond prices may change as interest rates increase or decrease.

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INVESTMENT PORTFOLIO

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April 30, 2003 (Unaudited)

| CORPORATE FIXED-INCOME                  | Par        | Value      |
|---|------------|------------|
| -----                                   |            |            |
| BONDS & Notes - 130.0%                  |            |            |
| -----                                   |            |            |
| CONSTRUCTION - 4.1%                     |            |            |
| BUILDING CONSTRUCTION - 4.1%            |            |            |
| Associated Materials, Inc.,             |            |            |
| 9.750% 04/15/12                         | \$ 325,000 | \$ 355,875 |
| Atrium Companies, Inc.,                 |            |            |
| 10.500% 05/01/09                        | 210,000    | 218,400    |
| D.R. Horton, Inc.,                      |            |            |
| 9.750% 09/15/10                         | 955,000    | 1,052,887  |
| K. Hovnanian Enterprises, Inc.:         |            |            |
| 8.875% 04/01/12                         | 170,000    | 178,500    |
| 10.500% 10/01/07                        | 340,000    | 382,500    |
| Standard Pacific Corp.,                 |            |            |
| 9.250% 04/15/12                         | 415,000    | 428,488    |
| William Lyon Homes, Inc.,               |            |            |
| 10.750% 04/01/13                        | 210,000    | 214,200    |
|   |            | -----      |
|   |            | 2,830,850  |
|   |            | -----      |
| -----                                   |            |            |
| CONSUMER STAPLES - 0.3%                 |            |            |
| HOUSEHOLD PRODUCTS - 0.3%               |            |            |
| Armkel LLC,                             |            |            |
| 9.500% 08/15/09                         | 180,000    | 201,600    |
|   |            | -----      |
| -----                                   |            |            |
| FINANCE, INSURANCE & REAL ESTATE - 4.0% |            |            |
| DEPOSITORY INSTITUTIONS - 0.9%          |            |            |
| Sovereign Bancorp, Inc.,                |            |            |
| 10.500% 11/15/06                        | 495,000    | 591,144    |
|   |            | -----      |
| -----                                   |            |            |
| FINANCIAL SERVICES - 2.4%               |            |            |
| J.P. Morgan Chase & Co.,                |            |            |
| 8.750% 11/15/07 (a)                     | 980,000    | 1,058,400  |
| MDP Acquisitions PLC,                   |            |            |
| 9.625% 10/01/12 (a)                     | 525,000    | 572,250    |
|   |            | -----      |
|   |            | 1,630,650  |
|   |            | -----      |
| -----                                   |            |            |
| INSURANCE AGENTS & Brokers - 0.4%       |            |            |
| Willis Corroon Corp.,                   |            |            |
| 9.000% 02/01/09                         | 295,000    | 316,387    |
|   |            | -----      |
| -----                                   |            |            |
| REAL ESTATE - 0.3%                      |            |            |
| iStar Financial, Inc.,                  |            |            |
| 8.750% 08/15/08                         | 185,000    | 199,800    |
|   |            | -----      |
| -----                                   |            |            |
| MANUFACTURING - 41.4%                   |            |            |
| APPAREL - 0.6%                          |            |            |
| Levi Strauss & Co.,                     |            |            |
| 12.250% 12/15/12 (a)                    | 210,000    | 176,400    |
| William Carter Co.,                     |            |            |
| 10.875% 08/15/11                        | 225,000    | 249,750    |

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|  |            |                             |
|--|------------|-----------------------------|
|  |            | -----<br>426,150<br>-----   |
| AUTO PARTS & Equipment - 1.8%            |            |                             |
| Cummins, Inc.,                           |            |                             |
| 9.500% 12/01/10 (a)                      | 295,000    | 315,650                     |
| Dana Corp.:                              |            |                             |
| 9.000% 08/15/11                          | 210,000    | 227,850                     |
| 10.125% 03/15/10                         | 200,000    | 223,000                     |
|  | PAR        | VALUE                       |
| -----                                    |            |                             |
| Rexnord Corp.,                           |            |                             |
| 10.125% 12/15/12 (a)                     | \$ 130,000 | \$ 139,100                  |
| TRW Automotive, Inc.,                    |            |                             |
| 11.000% 02/15/13 (a)                     | 315,000    | 340,200                     |
|  |            | -----<br>1,245,800<br>----- |
| CHEMICALS & ALLIED PRODUCTS - 8.9%       |            |                             |
| Avecia Group PLC,                        |            |                             |
| 11.000% 07/01/09                         | 840,000    | 747,600                     |
| Equistar Chemicals LP:                   |            |                             |
| 10.125% 09/01/08                         | 215,000    | 225,750                     |
| 10.625% 05/01/11 (a)                     | 225,000    | 236,250                     |
| FMC Corp.,                               |            |                             |
| 10.250% 11/01/09                         | 420,000    | 466,200                     |
| Huntsman ICI Holdings LLC,               |            |                             |
| (b) 12/31/09                             | 3,975,000  | 1,530,375                   |
| Koppers Industries, Inc.,                |            |                             |
| 9.875% 12/01/07                          | 490,000    | 494,900                     |
| Lyondell Chemical Co.,                   |            |                             |
| 9.625% 05/01/07                          | 450,000    | 465,188                     |
| MacDermid, Inc.,                         |            |                             |
| 9.125% 07/15/11                          | 375,000    | 414,375                     |
| PolyOne Corp.,                           |            |                             |
| 10.625% 05/15/10 (a)                     | 170,000    | 170,000                     |
| Terra Capital, Inc.,                     |            |                             |
| 12.875% 10/15/08                         | 610,000    | 664,900                     |
| Texas Petrochemicals Corp.,              |            |                             |
| 11.125% 07/01/06                         | 1,125,000  | 630,000                     |
|  |            | -----<br>6,045,538<br>----- |
| ELECTRONIC & ELECTRICAL EQUIPMENT - 1.3% |            |                             |
| Flextronics International Ltd.,          |            |                             |
| 9.875% 07/01/10                          | 600,000    | 669,000                     |
| Ucar Finance, Inc.,                      |            |                             |
| 10.250% 02/15/12                         | 255,000    | 239,700                     |
|  |            | -----<br>908,700<br>-----   |
| FABRICATED METAL - 0.7%                  |            |                             |
| Earle M. Jorgensen Co.,                  |            |                             |
| 9.750% 06/01/12                          | 425,000    | 446,250                     |
|  |            | -----                       |



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|                                  |           |           |
|----------------------------------|-----------|-----------|
| FOOD & Kindred Products - 4.8%   |           |           |
| Constellation Brands, Inc.,      |           |           |
| 8.125% 01/15/12                  | 270,000   | 286,200   |
| Del Monte Corp.,                 |           |           |
| 9.250% 05/15/11                  | 500,000   | 542,500   |
| Dole Food Co., Inc.,             |           |           |
| 7.250% 05/01/09                  | 415,000   | 448,200   |
| Premier International Foods PLC, |           |           |
| 12.000% 09/01/09                 | 1,000,000 | 1,100,000 |
| Roundy's Inc.,                   |           |           |
| 8.875% 06/15/12                  | 410,000   | 420,250   |
| Smithfield Foods, Inc.,          |           |           |
| 8.000% 10/15/09                  | 435,000   | 448,050   |
|                                  |           | -----     |
|                                  |           | 3,245,200 |
|                                  |           | -----     |

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

April 30, 2003 (Unaudited)

|  |            |            |
|--|------------|------------|
| CORPORATE FIXED-INCOME                   |            |            |
| BONDS & NOTES (CONTINUED)                |            |            |
|  | PAR        | VALUE      |
| -----                                    |            |            |
| FURNITURE & FIXTURES - 1.1%              |            |            |
| C&A Floor Covering, Inc.,                |            |            |
| 9.750% 02/15/10                          | \$ 225,000 | \$ 227,250 |
| Congoleum Corp.,                         |            |            |
| 8.625% 08/01/08                          | 225,000    | 118,125    |
| Juno Lighting, Inc.,                     |            |            |
| 11.875% 07/01/09                         | 295,000    | 318,600    |
| Simmons Co.,                             |            |            |
| 10.250% 03/15/09                         | 100,000    | 107,500    |
|  |            | -----      |
|  |            | 771,475    |
|  |            | -----      |
| MEASURING & ANALYZING INSTRUMENTS - 0.6% |            |            |
| Fisher Scientific International, Inc.:   |            |            |
| 8.125% 05/01/12                          | 305,000    | 328,637    |
| 8.125% 05/01/12 (a)                      | 70,000     | 75,425     |
|  |            | -----      |
|  |            | 404,062    |
|  |            | -----      |
| MISCELLANEOUS MANUFACTURING - 7.0%       |            |            |
| Actuant Corp.,                           |            |            |
| 13.000% 05/01/09                         | 351,000    | 410,670    |
| AGCO Corp.,                              |            |            |
| 9.500% 05/01/08                          | 400,000    | 436,000    |
| Applied Extrusion Technologies, Inc.,    |            |            |
| 10.750% 07/01/11                         | 320,000    | 230,400    |
| Ball Corp.,                              |            |            |
| 6.875% 12/15/12                          | 125,000    | 131,250    |
| Crown European Holdings SA,              |            |            |
| 10.875% 03/01/13 (a)                     | 280,000    | 305,200    |
| Flowserve Corp.,                         |            |            |

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|                       |         |           |
|-----------------------|---------|-----------|
| 12.250% 08/15/10      | 361,000 | 411,540   |
| Owens-Illinois, Inc.: |         |           |
| 7.150% 05/15/05       | 150,000 | 153,000   |
| 7.500% 05/15/10       | 600,000 | 589,500   |
| SPX Corp.,            |         |           |
| 7.500% 01/01/13       | 250,000 | 268,750   |
| Tekni-Plex, Inc.,     |         |           |
| 12.750% 06/15/10      | 915,000 | 878,400   |
| Terex Corp.,          |         |           |
| 10.375% 04/01/11      | 320,000 | 352,000   |
| TriMas Corp.:         |         |           |
| 9.875% 06/15/12       | 340,000 | 353,600   |
| 9.875% 06/15/12 (a)   | 205,000 | 213,200   |
|                       |         | -----     |
|                       |         | 4,733,510 |
|                       |         | -----     |

|                             |         |           |
|-----------------------------|---------|-----------|
| PAPER PRODUCTS - 2.6%       |         |           |
| Buckeye Technologies, Inc., |         |           |
| 9.250% 09/15/08             | 235,000 | 220,900   |
| Caraustar Industries, Inc., |         |           |
| 9.875% 04/01/11             | 435,000 | 439,350   |
| Georgia-Pacific Corp.,      |         |           |
| 8.875% 02/01/10 (a)         | 410,000 | 441,775   |
| Jefferson Smurfit Corp.,    |         |           |
| 8.250% 10/01/12             | 250,000 | 271,875   |
| Tembec Industries, Inc.,    |         |           |
| 8.500% 02/01/11             | 350,000 | 364,000   |
|                             |         | -----     |
|                             |         | 1,737,900 |
|                             |         | -----     |

|                                   | PAR         | VALUE      |
|-----------------------------------|-------------|------------|
| -----                             |             |            |
| PRIMARY METAL - 1.3%              |             |            |
| Bayou Steel Corp.,                |             |            |
| 9.500% 05/15/08 (c)               | \$1,000,000 | \$ 190,000 |
| Kaiser Aluminum & Chemical Corp., |             |            |
| 10.875% 10/15/06 (c)              | 780,000     | 491,400    |
| WCI Steel, Inc.,                  |             |            |
| 10.000% 12/01/04 (d)              | 665,000     | 199,500    |
| Wheeling-Pittsburgh Corp.,        |             |            |
| 9.250% 11/15/07 (c)               | 2,000,000   | 10,000     |
|                                   |             | -----      |
|                                   |             | 890,900    |
|                                   |             | -----      |

|                                    |         |         |
|------------------------------------|---------|---------|
| PRINTING & PUBLISHING - 7.1%       |         |         |
| Advanstar Communications, Inc.,    |         |         |
| 12.000% 02/15/11                   | 500,000 | 425,000 |
| American Greetings Corp.,          |         |         |
| 11.750% 07/15/08                   | 255,000 | 290,700 |
| Dex Media East LLC,                |         |         |
| 12.125% 11/15/12 (a)               | 565,000 | 669,525 |
| Hollinger, Inc.,                   |         |         |
| 11.875% 03/01/11 (a)               | 295,000 | 312,700 |
| Moore North America Finance, Inc., |         |         |
| 7.875% 01/15/11 (a)                | 165,000 | 174,900 |
| PriMedia, Inc.,                    |         |         |
| 8.875% 05/15/11                    | 560,000 | 596,400 |
| Quebecor Media, Inc.,              |         |         |

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|                    |         |           |
|--------------------|---------|-----------|
| 11.125% 07/15/11   | 925,000 | 1,045,250 |
| Von Hoffman Corp., |         |           |
| 10.250% 03/15/09   | 495,000 | 509,850   |
| Yell Finance BV,   |         |           |
| 10.750% 08/01/11   | 750,000 | 840,000   |
|                    |         | -----     |
|                    |         | 4,864,325 |
|                    |         | -----     |

TRANSPORTATION EQUIPMENT - 3.6%

|                                |         |           |
|--------------------------------|---------|-----------|
| BE Aerospace, Inc.,            |         |           |
| 8.875% 05/01/11                | 575,000 | 393,875   |
| Collins & Aikman Products Co., |         |           |
| 10.750% 12/31/11               | 555,000 | 579,975   |
| Dura Operating Corp.,          |         |           |
| 8.625% 04/15/12                | 345,000 | 355,350   |
| Hexcel Corp.:                  |         |           |
| 9.750% 01/15/09                | 220,000 | 216,700   |
| 9.875% 10/01/08 (a)            | 65,000  | 69,550    |
| Lear Corp.,                    |         |           |
| 8.110% 05/15/09                | 500,000 | 562,500   |
| Newcor, Inc.,                  |         |           |
| 6.000% 01/01/13 (d) (e)        | 215,562 | 93,599    |
| Sequa Corp.,                   |         |           |
| 8.875% 04/01/08                | 200,000 | 207,000   |
|                                |         | -----     |
|                                |         | 2,478,549 |
|                                |         | -----     |

See notes to investment portfolio.

5

INVESTMENT PORTFOLIO (CONTINUED)

April 30, 2003 (Unaudited)

CORPORATE FIXED-INCOME

| BONDS & NOTES (CONTINUED)      | PAR        | VALUE      |
|--------------------------------|------------|------------|
| -----                          |            |            |
| MINING & ENERGY - 9.8%         |            |            |
| OIL & GAS EXTRACTION - 8.5%    |            |            |
| Benton Oil & Gas Co.,          |            |            |
| 9.375% 11/01/07                | \$ 485,000 | \$ 423,162 |
| Chesapeake Energy Corp.:       |            |            |
| 7.750% 01/15/15                | 280,000    | 296,800    |
| 8.125% 04/01/11                | 400,000    | 430,000    |
| Compton Petroleum Corp.,       |            |            |
| 9.900% 05/15/09                | 325,000    | 351,000    |
| Denbury Resources, Inc.,       |            |            |
| 7.500% 04/01/13 (a)            | 165,000    | 168,300    |
| El Paso Energy Partners LP,    |            |            |
| 8.500% 06/01/10 (a)            | 275,000    | 295,625    |
| Encore Acquisition Co.,        |            |            |
| 8.375% 06/15/12                | 325,000    | 344,500    |
| Forest Oil Corp.,              |            |            |
| 8.000% 06/15/08                | 400,000    | 424,000    |
| Magnum Hunter Resources, Inc., |            |            |
| 9.600% 03/15/12                | 135,000    | 145,800    |

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|   |           |           |
|---|-----------|-----------|
| Mariner Energy, Inc.,<br>10.500% 08/01/06         | 395,000   | 396,975   |
| Petsec Energy, Inc.,<br>9.500% 06/15/07 (d) (e)   | 1,998,420 | --        |
| Pioneer Natural Resources Co.:<br>7.500% 04/15/12 | 105,000   | 116,025   |
| 9.625% 04/01/10                                   | 10,000    | 11,975    |
| Pogo Producing Co.,<br>8.250% 04/15/11            | 965,000   | 1,037,375 |
| Stone Energy Corp.,<br>8.250% 12/15/11            | 220,000   | 228,250   |
| Trico Marine Services, Inc.,<br>8.875% 05/15/12   | 275,000   | 244,750   |
| XTO Energy, Inc.,<br>7.500% 04/15/12              | 800,000   | 880,000   |

-----  
5,794,537  
-----

OIL & GAS FIELD SERVICES - 1.3%

|  |         |         |
|--|---------|---------|
| Frontier Escrow Corp.,<br>8.000% 04/15/13 (a)        | 85,000  | 87,550  |
| Newpark Resources, Inc.,<br>8.625% 12/15/07          | 290,000 | 290,000 |
| Premcor Refining Group, Inc.:<br>9.250% 02/01/10 (a) | 155,000 | 170,500 |
| 9.500% 02/01/13 (a)                                  | 200,000 | 222,000 |
| Tesoro Petroleum Corp.,<br>8.000% 04/15/08 (a)       | 105,000 | 108,150 |

-----  
878,200  
-----

-----  
RETAIL TRADE - 3.6%

APPAREL & Accessory Stores - 0.6%

|                                |         |         |
|--------------------------------|---------|---------|
| Gap, Inc.,<br>8.800% 12/15/08  | 285,000 | 337,725 |
| Saks, Inc.,<br>8.250% 11/15/08 | 105,000 | 113,400 |

-----  
451,125  
-----

PAR VALUE

-----  
FOOD STORES - 0.5%

|   |            |            |
|---|------------|------------|
| Winn-Dixie Stores, Inc.,<br>8.875% 04/01/08 | \$ 310,000 | \$ 333,250 |
|---|------------|------------|

-----

MISCELLANEOUS RETAIL - 2.0%

|   |         |         |
|---|---------|---------|
| Hollywood Entertainment Corp.,<br>9.625% 03/15/11 | 350,000 | 376,250 |
| JC Penney Co., Inc.,<br>8.000% 03/01/10           | 415,000 | 437,825 |
| Rite Aid Corp.:<br>7.125% 01/15/07                | 300,000 | 291,000 |
| 8.125% 05/01/10 (a)                               | 250,000 | 255,625 |

-----  
1,360,700  
-----

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|   |           |           |
|---|-----------|-----------|
| RESTAURANTS - 0.5%                      |           |           |
| Yum! Brands, Inc.,                      |           |           |
| 7.700% 07/01/12                         | 305,000   | 337,025   |
| -----                                   |           |           |
| SERVICES - 22.9%                        |           |           |
| AMUSEMENT & RECREATION - 11.4%          |           |           |
| Ameristar Casinos, Inc.,                |           |           |
| 10.750% 02/15/09                        | 400,000   | 448,000   |
| Argosy Gaming Co.,                      |           |           |
| 10.750% 06/01/09                        | 335,000   | 369,337   |
| Boyd Gaming Corp.,                      |           |           |
| 7.750% 12/15/12 (a)                     | 125,000   | 135,000   |
| Circus-Circus & Eldorado/Silver Legacy, |           |           |
| 10.125% 03/01/12                        | 455,000   | 437,937   |
| Coast Hotels & Casinos, Inc.,           |           |           |
| 9.500% 04/01/09                         | 500,000   | 537,500   |
| Hollywood Casino Corp.,                 |           |           |
| 11.250% 05/01/07                        | 400,000   | 428,000   |
| Hollywood Casino Shreveport,            |           |           |
| 13.000% 08/01/06                        | 670,000   | 522,600   |
| Hollywood Park, Inc.,                   |           |           |
| 9.500% 08/01/07                         | 1,000,000 | 980,000   |
| Majestic Investor Holdings,             |           |           |
| 11.653% 11/30/07                        | 225,000   | 222,750   |
| Mohegan Tribal Gaming Authority,        |           |           |
| 8.000% 04/01/12                         | 500,000   | 530,000   |
| Park Place Entertainment Corp.,         |           |           |
| 9.375% 02/15/07                         | 435,000   | 471,975   |
| Penn National Gaming, Inc.,             |           |           |
| 11.125% 03/01/08                        | 665,000   | 731,500   |
| Regal Cinemas, Inc.,                    |           |           |
| 9.375% 02/01/12                         | 600,000   | 660,000   |
| Six Flags, Inc.,                        |           |           |
| 9.500% 02/01/09                         | 745,000   | 764,556   |
| Town Sports International, Inc.,        |           |           |
| 9.625% 04/15/11 (a)                     | 170,000   | 177,650   |
| Venetian Casino Resort LLC,             |           |           |
| 11.000% 06/15/10                        | 325,000   | 356,688   |
|   |           | -----     |
|   |           | 7,773,493 |
|   |           | -----     |
| AUTO EQUIPMENT & RENTAL SERVICES - 0.4% |           |           |
| United Rentals, Inc.,                   |           |           |
| 10.750% 04/15/08                        | 255,000   | 274,763   |
|   |           | -----     |

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)  
April 30, 2003 (Unaudited)

|                           |     |       |
|---------------------------|-----|-------|
| CORPORATE FIXED-INCOME    |     |       |
| BONDS & NOTES (CONTINUED) |     |       |
|                           | PAR | VALUE |
| -----                     |     |       |
| BUSINESS SERVICES - 0.3%  |     |       |
| Iron Mountain, Inc.,      |     |       |

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|  |            |            |
|--|------------|------------|
| 7.750% 01/15/15                            | \$ 190,000 | \$ 202,350 |
|  |            | -----      |
| FUNERAL SERVICES - 1.5%                    |            |            |
| Service Corp. International,               |            |            |
| 7.700% 04/15/09                            | 600,000    | 606,000    |
| Stewart Enterprises, Inc.,                 |            |            |
| 10.750% 07/01/08                           | 400,000    | 446,000    |
|  |            | -----      |
|  |            | 1,052,000  |
|  |            | -----      |
| HEALTH SERVICES - 7.8%                     |            |            |
| AmerisourceBergen Corp.:                   |            |            |
| 7.250% 11/15/12 (a)                        | 215,000    | 231,125    |
| 8.125% 09/01/08                            | 405,000    | 443,475    |
| Coventry Health Care, Inc.,                |            |            |
| 8.125% 02/15/12                            | 525,000    | 567,000    |
| HCA, Inc.,                                 |            |            |
| 8.750% 09/01/10                            | 670,000    | 786,439    |
| IASIS Healthcare Corp.,                    |            |            |
| 13.000% 10/15/09                           | 305,000    | 340,075    |
| InSight Health Services Corp.,             |            |            |
| 9.875% 11/01/11                            | 340,000    | 312,800    |
| Magellan Health Services, Inc.:            |            |            |
| 9.000% 02/15/08 (d)                        | 670,000    | 179,225    |
| 9.375% 11/15/07 (a) (d)                    | 385,000    | 330,138    |
| MedQuest Inc.,                             |            |            |
| 11.875% 08/15/12                           | 500,000    | 462,500    |
| PacifiCare Health Systems, Inc.,           |            |            |
| 10.750% 06/01/09                           | 500,000    | 551,250    |
| Radiologix, Inc.,                          |            |            |
| 10.500% 12/15/08                           | 95,000     | 82,175     |
| Res-Care, Inc.,                            |            |            |
| 10.625% 11/15/08                           | 170,000    | 154,700    |
| Tenet Healthcare Corp.,                    |            |            |
| 6.375% 12/01/11                            | 450,000    | 423,000    |
| United Surgical Partners                   |            |            |
| International, Inc.,                       |            |            |
| 10.000% 12/15/11                           | 400,000    | 424,000    |
|  |            | -----      |
|  |            | 5,287,902  |
|  |            | -----      |
| HOTELS, CAMPS & LODGING - 1.5%             |            |            |
| Host Marriott LP,                          |            |            |
| 9.500% 01/15/07                            | 340,000    | 357,000    |
| Starwood Hotels & Resorts Worldwide, Inc., |            |            |
| 7.875% 05/01/12                            | 625,000    | 650,000    |
|  |            | -----      |
|  |            | 1,007,000  |
|  |            | -----      |
| -----                                      |            |            |
| TRANSPORTATION, COMMUNICATIONS, ELECTRIC,  |            |            |
| GAS & SANITARY SERVICES - 42.5%            |            |            |
| AEROSPACE - 2.0%                           |            |            |
| L-3 Communications Corp.,                  |            |            |
| 7.625% 06/15/12                            | 450,000    | 496,125    |
| TransDigm, Inc.,                           |            |            |
| 10.375% 12/01/08                           | 850,000    | 901,000    |
|  |            | -----      |
|  |            | 1,397,125  |

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|   | PAR        | VALUE      |
|---|------------|------------|
| -----   |            |            |
| AIR TRANSPORTATION - 1.1%   |            |            |
| Northwest Airlines, Inc.,<br>9.875% 03/15/07                              | \$ 615,000 | \$ 369,000 |
| U.S. Airways, Inc.,<br>10.375% 03/01/13                                   | 1,600,000  | 400,000    |
|   |            | -----      |
|   |            | 769,000    |
|   |            | -----      |
| BROADCASTING - 3.8%   |            |            |
| CanWest Media, Inc.,<br>10.625% 05/15/11                                  | 585,000    | 665,437    |
| Clear Channel Communications,<br>8.000% 11/01/08                          | 130,000    | 148,200    |
| Corus Entertainment, Inc.,<br>8.750% 03/01/12                             | 200,000    | 212,000    |
| Emmis Communications Corp.,<br>(f) 03/15/11<br>(12.500% 03/15/06)         | 561,000    | 493,680    |
| TV Azteca SA de CV,<br>10.500% 02/15/07                                   | 745,000    | 707,750    |
| XM Satellite Radio Holdings, Inc.,<br>(f) 12/31/09<br>(14.000% 12/31/05)  | 474,415    | 336,835    |
|   |            | -----      |
|   |            | 2,563,902  |
|   |            | -----      |
| CABLE - 6.7%  |            |            |
| British Sky Broadcasting Group PLC,<br>8.200% 07/15/09                    | 190,000    | 217,998    |
| Charter Communications Holdings LLC:<br>(f) 04/01/11<br>(9.920% 04/01/04) | 1,435,000  | 832,300    |
| 10.000% 04/01/09  | 325,000    | 216,125    |
| Comcast UK Cable Partners Ltd.,<br>11.200% 11/15/07                       | 750,000    | 626,250    |
| CSC Holdings, Inc.,<br>7.625% 04/01/11                                    | 300,000    | 315,750    |
| DirectTV Holdings LLC,<br>8.375% 03/15/13 (a)                             | 300,000    | 333,750    |
| EchoStar DBS Corp.,<br>9.125% 01/15/09                                    | 435,000    | 487,200    |
| Insight Communications Co., Inc.,<br>(f) 02/15/11<br>(12.250% 02/15/06)   | 620,000    | 478,950    |
| Insight Midwest LP,<br>9.750% 10/01/09 (a)                                | 335,000    | 359,706    |
| Northland Cable Television, Inc.,<br>10.250% 11/15/07                     | 740,000    | 673,400    |
| Ono Finance PLC,<br>(b) 03/16/11  | 175        | 2          |
|   |            | -----      |
|   |            | 4,541,431  |
|   |            | -----      |
| COMMUNICATION SERVICES - 1.4%   |            |            |

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|                                   |         |         |
|-----------------------------------|---------|---------|
| Crown Castle International Corp.: |         |         |
| (f) 05/15/11                      |         |         |
| (10.375% 05/15/04)                | 250,000 | 223,125 |
| 10.750% 08/01/11                  | 350,000 | 360,500 |
| SBA Communications Corp.,         |         |         |
| 10.250% 02/01/09                  | 440,000 | 378,400 |
|                                   |         | -----   |
|                                   |         | 962,025 |
|                                   |         | -----   |

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

April 30, 2003 (Unaudited)

|  |            |            |
|--|------------|------------|
| CORPORATE FIXED-INCOME   |            |            |
| BONDS & NOTES (CONTINUED)  | PAR        | VALUE      |
| -----  |            |            |
| TRANSPORTATION, COMMUNICATIONS, ELECTRIC,<br>GAS & SANITARY SERVICES (CONTINUED) |            |            |
| ELECTRIC, GAS & SANITARY SERVICES - 4.6%   |            |            |
| Allied Waste North America, Inc.:  |            |            |
| 8.500% 12/01/08  | \$ 475,000 | \$ 509,437 |
| 10.000% 08/01/09   | 1,215,000  | 1,301,569  |
| CMS Energy Corp.,  |            |            |
| 8.900% 07/15/08  | 415,000    | 415,000    |
| HydroChem Industrial Services, Inc.,   |            |            |
| 10.375% 08/01/07   | 750,000    | 562,500    |
| Mirant Americas Generation, Inc.,  |            |            |
| 8.300% 05/01/11  | 460,000    | 340,400    |
|  |            | -----      |
|  |            | 3,128,906  |
|  |            | -----      |
| ELECTRIC SERVICES - 6.2%   |            |            |
| AES Corp.,   |            |            |
| 9.500% 06/01/09  | 855,000    | 846,450    |
| Beaver Valley Funding Corp.,   |            |            |
| 9.000% 06/01/17  | 355,000    | 407,281    |
| Caithness Coso Funding Corp.,  |            |            |
| 9.050% 12/15/09  | 556,889    | 579,164    |
| Calpine Corp.,   |            |            |
| 8.500% 02/15/11  | 975,000    | 711,750    |
| Edison Mission Energy,   |            |            |
| 9.875% 04/15/11  | 300,000    | 271,500    |
| Nevada Power Co.,  |            |            |
| 10.875% 10/15/09 (a)   | 260,000    | 275,600    |
| Orion Power Holdings, Inc.,  |            |            |
| 12.000% 05/01/10   | 150,000    | 162,750    |
| PSE&G Energy Holdings, Inc.,   |            |            |
| 8.625% 02/15/08  | 395,000    | 422,650    |
| TECO Energy, Inc.,   |            |            |
| 10.500% 12/01/07   | 210,000    | 233,100    |
| Western Resources, Inc.,   |            |            |
| 7.875% 05/01/07  | 275,000    | 305,938    |
|  |            | -----      |



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4,216,183

MOTOR FREIGHT & WAREHOUSING - 0.4%

QDI LLC:

|                      |         |         |
|----------------------|---------|---------|
| 12.000% 06/15/09 (a) | 158,974 | 23,647  |
| 12.500% 06/15/08 (a) | 668,000 | 266,365 |

-----  
290,012  
-----

PIPELINES - 2.8%

|                           |         |         |
|---------------------------|---------|---------|
| Coastal Corp.,            |         |         |
| 7.750% 06/15/10           | 545,000 | 479,600 |
| Dynegy Holdings, Inc.,    |         |         |
| 8.750% 02/15/12           | 300,000 | 283,500 |
| Northwest Pipeline Corp., |         |         |
| 8.125% 03/01/10 (a)       | 130,000 | 142,217 |
| Sonat, Inc.,              |         |         |
| 7.625% 07/15/11           | 215,000 | 184,900 |
| Southern Natural Gas Co., |         |         |
| 8.875% 03/15/10 (a)       | 125,000 | 140,000 |
| Williams Companies, Inc., |         |         |
| 8.125% 03/15/12 (a)       | 665,000 | 658,350 |

-----  
1,888,567  
-----

PAR VALUE

POLLUTION CONTROL - 0.4%

|                     |            |            |
|---------------------|------------|------------|
| EnviroSource, Inc., |            |            |
| 14.000% 12/15/08    | \$ 273,663 | \$ 246,297 |

-----

RADIOTELEPHONE COMMUNICATIONS - 4.3%

|                               |           |           |
|-------------------------------|-----------|-----------|
| AirGate PCS, Inc.,            |           |           |
| (f) 10/01/09                  |           |           |
| (13.500% 10/01/04)            | 399,000   | 103,740   |
| AT&T Wireless Services, Inc., |           |           |
| 7.875% 03/01/11               | 215,000   | 246,521   |
| Nextel Communications, Inc.,  |           |           |
| 9.375% 11/15/09               | 1,310,000 | 1,414,800 |
| Nextel Partners, Inc.,        |           |           |
| 11.000% 03/15/10              | 290,000   | 307,400   |
| Rogers Cantel, Inc.,          |           |           |
| 9.750% 06/01/16               | 635,000   | 679,450   |
| US Unwired, Inc.,             |           |           |
| (f) 11/01/09                  |           |           |
| (13.375% 11/01/04)            | 800,000   | 168,000   |

-----  
2,919,911  
-----

RAILROAD - 0.9%

|                                   |         |         |
|-----------------------------------|---------|---------|
| Kansas City Southern Railway Co., |         |         |
| 7.500% 06/15/09                   | 215,000 | 222,525 |
| TFM SA de CV,                     |         |         |
| 12.500% 06/15/12                  | 380,000 | 399,000 |

-----  
621,525

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| -----                           |         |           |
|---------------------------------|---------|-----------|
| TELECOMMUNICATIONS - 6.2%       |         |           |
| Amkor Technology, Inc.,         |         |           |
| 9.250% 02/15/08                 | 285,000 | 304,237   |
| Carrier1 International SA,      |         |           |
| 13.250% 02/15/09 (c)            | 750,000 | 22,500    |
| Colt Telecom Group PLC,         |         |           |
| 12.000% 12/15/06                | 95,000  | 84,550    |
| Fairpoint Communications, Inc., |         |           |
| 11.875% 03/01/10 (a)            | 175,000 | 194,250   |
| Horizon PCS, Inc.,              |         |           |
| 13.750% 06/15/11                | 415,000 | 45,650    |
| Level 3 Communications, Inc.,   |         |           |
| (f) 12/01/08                    |         |           |
| (10.500% 12/01/03)              | 625,000 | 462,500   |
| Lucent Technologies, Inc.:      |         |           |
| 6.450% 03/15/29                 | 335,000 | 249,575   |
| 7.250% 07/15/06                 | 235,000 | 223,250   |
| Nortel Networks Ltd.,           |         |           |
| 6.125% 02/15/06                 | 510,000 | 494,700   |
| Qwest Corp.:                    |         |           |
| 8.875% 03/15/12 (a)             | 425,000 | 467,500   |
| 13.500% 12/15/10 (a)            | 385,000 | 428,313   |
| RCN Corp.,                      |         |           |
| 11.125% 10/15/07                | 750,000 | 255,000   |
| Time Warner Telecom, Inc.:      |         |           |
| 9.750% 07/15/08                 | 470,000 | 394,800   |
| 10.125% 02/01/11                | 405,000 | 340,200   |
| Vivendi Universal,              |         |           |
| 9.250% 04/15/10 (a)             | 250,000 | 280,445   |
|                                 |         | -----     |
|                                 |         | 4,247,470 |
|                                 |         | -----     |

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

April 30, 2003 (Unaudited)

| CORPORATE FIXED-INCOME         |            |            |
|--------------------------------|------------|------------|
| BONDS & NOTES (CONTINUED)      | PAR        | VALUE      |
| -----                          |            |            |
| TRANSPORTATION SERVICES - 1.7% |            |            |
| Allied Holdings, Inc.,         |            |            |
| 8.625% 10/01/07                | \$ 190,000 | \$ 142,500 |
| Petroleum Helicopters, Inc.,   |            |            |
| 9.375% 05/01/09                | 530,000    | 580,350    |
| Stena AB,                      |            |            |
| 9.625% 12/01/12                | 255,000    | 280,500    |
| Teekay Shipping Corp.,         |            |            |
| 8.875% 07/15/11                | 150,000    | 160,500    |
|                                |            | -----      |
|                                |            | 1,163,850  |
|                                |            | -----      |
| -----                          |            |            |
| WHOLESALE TRADE- 1.4%          |            |            |

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|   |            |            |
|---|------------|------------|
| DURABLE GOODS - 1.4%  |            |            |
| Playtex Products  |            |            |
| 9.375% 06/01/11   | 380,000    | 421,800    |
| Steinway Musical Instruments, Inc.,   |            |            |
| 8.750% 04/15/11   | 550,000    | 544,500    |
|   |            | -----      |
|   |            | 966,300    |
|   |            | -----      |
| TOTAL CORPORATE FIXED-INCOME  |            |            |
| BONDS & NOTES   |            |            |
| (cost of \$96,601,837)  |            | 88,643,639 |
|   |            | -----      |
| PREFERRED STOCKS - 2.3%   |            |            |
|   | SHARES     |            |
| -----   |            |            |
| TRANSPORTATION, COMMUNICATIONS, ELECTRIC,<br>GAS & SANITARY SERVICES - 2.3% |            |            |
| BROADCASTING - 0.5%   |            |            |
| Sinclair Capital,   |            |            |
| 11.625%   | 3,250      | 351,000    |
|   |            | -----      |
| CABLE - 1.3%  |            |            |
| CSC Holdings, Inc.:   |            |            |
| 11.125%   | 349        | 36,471     |
| 11.750%   | 7,979      | 835,800    |
|   |            | -----      |
|   |            | 872,271    |
|   |            | -----      |
| COMMUNICATION SERVICES - 0.4%   |            |            |
| Dobson Communications Corp.,  |            |            |
| 12.250% PIK   | 324        | 275,400    |
|   |            | -----      |
| POLLUTION CONTROL - 0.1%  |            |            |
| EnviroSource, Inc.,   |            |            |
| 7.250%  | 929        | 43,009     |
|   |            | -----      |
| TELECOMMUNICATIONS - 0.0%   |            |            |
| XO Communications, Inc.:  |            |            |
| 13.500% PIK (d)   | 788        | 1          |
| 14.000% (d)   | 28,530     | 286        |
|   |            | -----      |
|   |            | 287        |
|   |            | -----      |
| TOTAL PREFERRED STOCKS  |            |            |
| (cost of \$3,763,287)   |            | 1,541,967  |
|   |            | -----      |
| CONVERTIBLE BONDS - 0.6%  |            |            |
|   | PAR        | VALUE      |
| -----   |            |            |
| TRANSPORTATION, COMMUNICATIONS, ELECTRIC,<br>GAS & SANITARY SERVICES - 0.6% |            |            |
| Telecommunications - 0.6%   |            |            |
| Amkor Technology, Inc.,   |            |            |
| 5.750% 06/01/06   | \$ 270,000 | \$ 238,040 |
| Colt Telecom Group PLC,   |            |            |
| 2.000% 03/29/06 (a)   | 265,000    | 207,408    |

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|  |       |         |
|--|-------|---------|
| -----  |       |         |
| TOTAL CONVERTIBLE BONDS  |       |         |
| (cost of \$400,665)  |       | 445,448 |
| -----  |       |         |
| WARRANTS - 0.3% (g)  | UNITS |         |
| -----  |       |         |
| TRANSPORTATION, COMMUNICATIONS, ELECTRIC,<br>GAS & SANITARY SERVICES - 0.3%<br>BROADCASTING - 0.3% |       |         |
| XM Satellite Radio Holdings, Inc.:   |       |         |
| Expires 12/31/09   | 330   | 202,950 |
| Expires 03/15/10 (a)   | 600   | 60      |
|  |       | -----   |
|  |       | 203,010 |
|  |       | -----   |
| CABLE - 0.0%   |       |         |
| Cable Satisfaction International, Inc.,  |       |         |
| Expires 03/01/05   | 970   | 10      |
| Ono Finance PLC,   |       |         |
| Expires 05/31/09 (a)   | 750   | 2       |
|  |       | -----   |
|  |       | 12      |
|  |       | -----   |
| COMMUNICATION SERVICES - 0.0%  |       |         |
| UbiquiTel, Inc.,   |       |         |
| Expires 04/15/10 (a)   | 525   | 131     |
|  |       | -----   |
| MOTOR FREIGHT & WAREHOUSING - 0.0%   |       |         |
| QDI LLC,   |       |         |
| Expires 01/15/07 (a) (h)   | 2,041 | --      |
|  |       | -----   |
| TELECOMMUNICATIONS - 0.0%  |       |         |
| AT&T Canada, Inc.,   |       |         |
| Expires 08/15/07 (a) (e)   | 250   | --      |
| Carrier1 International SA,   |       |         |
| Expires 02/19/09 (a) (c)   | 347   | 3       |
| Horizon PCS, Inc.,   |       |         |
| Expires 10/01/10 (a)   | 665   | 1       |
| Jazztel PLC,   |       |         |
| Expires 07/15/10 (a) (h)   | 350   | --      |
|  |       | -----   |
|  |       | 4       |
|  |       | -----   |
| TOTAL WARRANTS   |       |         |
| (cost of \$174,924)  |       | 203,157 |
| -----  |       |         |

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

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April 30, 2003 (Unaudited)

| COMMON STOCKS - 0.3% (g)  | SHARES      | VALUE        |
|---|-------------|--------------|
| -----   |             |              |
| TRANSPORTATION, COMMUNICATIONS, ELECTRIC,<br>GAS & SANITARY SERVICES - 0.3%<br>CABLE - 0.2% |             |              |
| NTL, Inc.   | 5,942       | \$ 101,014   |
| -----   |             |              |
| POLLUTION CONTROL - 0.0%  |             |              |
| EnviroSource, Inc.  | 8,000       | 1,840        |
| Fairlane Management Corp. (e)   | 8,000       | --           |
| -----   |             |              |
|   |             | 1,840        |
| -----   |             |              |
| RADIOTELEPHONE COMMUNICATIONS - 0.1%  |             |              |
| Nextel Communications, Inc., Class A  | 6,196       | 91,639       |
| -----   |             |              |
| TOTAL COMMON STOCKS   |             |              |
| (cost of \$1,197,188)   |             | 194,493      |
| -----   |             |              |
| SHORT-TERM OBLIGATION - 4.2%  |             |              |
| -----   |             |              |
| Federal National Mortgage Association,<br>1.250% 05/01/03 (i)                               |             |              |
| (cost of \$2,900,000)   | \$2,900,000 | 2,900,000    |
| -----   |             |              |
| TOTAL INVESTMENTS - 137.7%  |             |              |
| (cost of \$105,037,901) (j)   |             | 93,928,704   |
| -----   |             |              |
| OTHER ASSETS & LIABILITIES, NET - (37.7)%   |             | (25,720,264) |
| -----   |             |              |
| NET ASSETS - 100.0%   |             | \$68,208,440 |
| =====   |             |              |

### NOTES TO INVESTMENT PORTFOLIO:

- 
- (a) This security is exempt from registration under Rule 144A of the Securities Act of 1933 and may be resold in transactions exempt from registration, normally to qualified institutional buyers. At April 30, 2003, the value of these securities amounted to \$11,229,936 or 16.5% of net assets.
  - (b) Zero coupon bond.
  - (c) As of April 30, 2003, the Fund held securities of certain issuers that have filed for bankruptcy protection under Chapter 11 representing 1.0% of net assets. These issuers are in default of certain debt covenants. Income is not being accrued.
  - (d) This issuer is in default of certain debt covenants. Income is not being accrued.
  - (e) Represents fair value as determined in good faith under the direction of the Board of Trustees.
  - (f) Stepped coupon bond. Currently accruing at zero. Shown parenthetically is the next interest rate to be paid and the date the Fund will begin accruing this rate.
  - (g) Non-income producing.
  - (h) Amount rounds to less than \$1.
  - (i) Rate represents yield at date of purchase.

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(j) Cost for federal income tax purposes is \$104,942,794.

| ACRONYM | NAME            |
|---------|-----------------|
| PIK     | Payment-In-Kind |

See notes to financial statements.

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STATEMENT OF ASSETS AND LIABILITIES

April 30, 2003 (Unaudited)

ASSETS:

|                                      |                   |
|--------------------------------------|-------------------|
| Investments, at cost                 | \$105,037,901     |
| Investments, at value                | \$ 93,928,704     |
| Cash                                 | 188,500           |
| Receivable for:                      |                   |
| Investments sold                     | 461,995           |
| Interest                             | 2,350,088         |
| Deferred Trustees' compensation plan | 4,928             |
| <b>Total Assets</b>                  | <b>96,934,215</b> |

LIABILITIES:

|                            |                   |
|----------------------------|-------------------|
| Payable for:               |                   |
| Interest                   | 545,630           |
| Investments purchased      | 2,032,482         |
| Distributions              | 564,564           |
| Management fee             | 33,055            |
| Deferred Trustees' fee     | 4,928             |
| Other liabilities          | 45,116            |
| Notes payable - short-term | 15,800,000        |
| Notes payable - long-term  | 9,700,000         |
| <b>Total Liabilities</b>   | <b>28,725,775</b> |

NET ASSETS \$ 68,208,440

COMPOSITION OF NET ASSETS:

|                                       |                      |
|---------------------------------------|----------------------|
| Paid-in capital                       | \$143,580,648        |
| Overdistributed net investment income | (880,623)            |
| Accumulated net realized loss         | (63,382,381)         |
| Net unrealized depreciation on:       |                      |
| Investments                           | (11,109,197)         |
| Foreign currency translations         | (7)                  |
| <b>NET ASSETS</b>                     | <b>\$ 68,208,440</b> |

Shares outstanding 20,909,792

Net asset value per share \$ 3.26

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### STATEMENT OF OPERATIONS

FOR THE SIX MONTHS ENDED APRIL 30, 2003 (UNAUDITED)

#### INVESTMENT INCOME:

|  |              |
|--|--------------|
| Interest                                   | \$ 3,968,808 |
| Dividends                                  | 112,172      |
|  | -----        |
| Total Investment Income                    |              |
| (net of foreign taxes withheld of \$1,484) | 4,080,980    |
|  | -----        |

#### EXPENSES:

|                              |           |
|------------------------------|-----------|
| Management fee               | 293,082   |
| Pricing and bookkeeping fees | 20,925    |
| Trustees' fee                | 3,691     |
| Custody fee                  | 4,487     |
| Other expenses               | 69,611    |
|                              | -----     |
| Total Operating Expenses     | 391,796   |
| Custody earnings credit      | (555)     |
|                              | -----     |
| Net Operating Expenses       | 391,241   |
| Interest expense             | 790,077   |
|                              | -----     |
| Net Expenses                 | 1,181,318 |
|                              | -----     |
| Net Investment Income        | 2,899,662 |
|                              | -----     |

#### NET REALIZED AND UNREALIZED GAIN

(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY:

#### Net realized loss on:

|                               |             |
|-------------------------------|-------------|
| Investments                   | (1,597,841) |
| Foreign currency transactions | (139)       |
|                               | -----       |
| Net realized loss             | (1,597,980) |
|                               | -----       |

#### Net change in unrealized appreciation/ depreciation on:

|   |            |
|---|------------|
| Investments   | 11,882,086 |
| Foreign currency translations                         | (7)        |
|   | -----      |
| Net change in unrealized<br>appreciation/depreciation | 11,882,079 |
|   | -----      |

|          |            |
|----------|------------|
| Net Gain | 10,284,099 |
|          | -----      |

|  |               |
|--|---------------|
| Net Increase in Net Assets from Operations | \$ 13,183,761 |
|  | =====         |

See notes to financial statements.

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### STATEMENT OF CHANGES IN NET ASSETS

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INCREASE (DECREASE) IN NET ASSETS:

OPERATIONS:

Net investment income  
 Net realized loss on investments and foreign currency transactions  
 Net change in unrealized appreciation/depreciation on investments  
 and foreign currency translations  
  
 Net Increase (Decrease) from Operations

DISTRIBUTIONS DECLARED TO SHAREHOLDERS:

From net investment income  
 Return of capital

Total Distributions Declared to Shareholders

SHARE TRANSACTIONS:

Distributions reinvested

Total Increase (Decrease) in Net Assets

NET ASSETS:

Beginning of period

End of period (including overdistributed net investment income  
 of \$(880,623) and \$(401,061), respectively)

CHANGES IN SHARES:

Issued for distributions reinvested

See notes to financial statements.

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STATEMENT OF CASH FLOWS

For the Six Months Ended April 30, 2003 (Unaudited)

INCREASE (DECREASE) IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES:

|   |              |
|---|--------------|
| Net investment income   | \$ 2,899,662 |
| Adjustments to reconcile net investment income<br>to net cash provided by operating activities: |              |
| Purchase of investment securities   | (36,191,496) |
| Proceeds from disposition of investment securities  | 35,319,462   |
| Purchase of short-term investments, net   | (1,420,969)  |
| Net realized loss due to foreign currency transactions  | (139)        |
| Decrease in interest receivable   | 51,785       |



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|  |             |
|--|-------------|
| Increase in receivable for investments sold        | (144,620)   |
| Increase in payable for investments purchased      | 1,598,857   |
| Decrease in accrued expenses and other liabilities | (7,022)     |
| Net amortization/accretion of income               | 151,468     |
|  | -----       |
| Net cash provided by operating activities          | 2,256,988   |
|  | -----       |
| <br>CASH FLOWS FROM FINANCING ACTIVITIES:          |             |
| Increase in notes payable                          | 1,000,000   |
| Decrease in interest payable                       | (12,854)    |
| Distributions paid in cash                         | (3,107,212) |
|  | -----       |
| Net cash used by financing activities              | (2,120,066) |
|  | -----       |
| Net increase in cash                               | 136,922     |
| <br>CASH:  |             |
| Beginning of period                                | 51,578      |
|  | -----       |
| End of period                                      | \$ 188,500  |
|  | =====       |

### Supplemental disclosure of cash flow information:

Non-cash financing activities not included herein consist of reinvestment of distributions of \$269,653.

See notes to financial statements.

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### NOTES TO FINANCIAL STATEMENTS

April 30, 2003 (Unaudited)

#### NOTE 1. ACCOUNTING POLICIES

##### ORGANIZATION:

Colonial Intermediate High Income Fund (the "Fund") is a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as a diversified, closed-end management investment company. The Fund's investment goal is to seek high current income and total return by investing primarily in high yield fixed income securities in lower-rated categories. The Fund is authorized to issue an unlimited number of shares.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements.

##### SECURITY VALUATION AND TRANSACTIONS:

Debt securities generally are valued by a pricing service based upon market transactions for normal, institutional-size trading units of similar securities. Such services may use various pricing techniques which take into account appropriate factors such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. When

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management deems it appropriate, an over-the-counter or exchange bid quotation is used.

Equity securities generally are valued at the last sale price or, in the case of unlisted or listed securities for which there were no sales during the day, at the current quoted bid price.

Forward currency contracts are valued based on the weighted value of exchange-traded contracts with similar durations.

Short-term obligations with a maturity of 60 days or less are valued at amortized cost.

Investments for which market quotations are not readily available, or quotations which management believes are not appropriate, are valued at fair value under procedures approved by the Board of Trustees.

Security transactions are accounted for on the date the securities are purchased, sold or mature.

Cost is determined and gains (losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

The Fund may trade securities on other than normal settlement terms. This may increase the risk if the other party to the transaction fails to deliver and causes the Fund to subsequently invest at less advantageous prices.

### STATEMENT OF CASH FLOWS:

Information on financial transactions which have been settled through the receipt or disbursement of cash is presented in the Statement of Cash Flows. The cash amount shown in the Statement of Cash Flows is the amount included in the Fund's Statement of Assets and Liabilities and represents cash on hand at its custodian bank account and does not include any short-term investments at April 30, 2003.

### FEDERAL INCOME TAXES:

Consistent with the Fund's policy to qualify as a regulated investment company and to distribute all of its taxable income, no federal income tax has been accrued.

### INTEREST INCOME, DEBT DISCOUNT AND PREMIUM:

Interest income is recorded on the accrual basis. Premium and discount are amortized and accreted, respectively, on all debt securities.

The value of additional securities received as an interest payment is recorded as income and as the cost basis of such securities.

### DISTRIBUTIONS TO SHAREHOLDERS:

Distributions to shareholders are recorded on the ex-date.

### FOREIGN CURRENCY TRANSACTIONS:

Net realized and unrealized gains (losses) on foreign currency transactions include gains (losses) arising from the fluctuations in exchange rates between trade and settlement dates on securities transactions, gains (losses) arising from the disposition of foreign currency and currency gains (losses) between the accrual and payment dates on dividends and interest income and foreign withholding taxes.

The Fund does not distinguish that portion of gains (losses) on investments which is due to changes in foreign exchange rates from that which is due to changes in market prices of the investments. Such fluctuations are included with the net realized and unrealized gains (losses) on investments.

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### FORWARD CURRENCY CONTRACTS:

The Fund may enter into forward currency contracts to purchase or sell foreign currencies at predetermined exchange rates in connection with the settlement of purchases and sales of securities. The Fund may also enter into forward currency contracts to hedge certain other foreign currency denominated assets. The contracts are used to minimize the exposure to foreign exchange rate fluctuations during the period between trade and settlement date of the contracts. All contracts are marked-to-market daily, resulting in unrealized gains (losses) which become realized at the time the forward currency contracts are closed or mature. Realized and unrealized gains (losses) arising from such transactions are included in net realized and unrealized gains (losses) on foreign currency transactions. Forward currency contracts do not eliminate fluctuations in the prices of the Fund's portfolio securities.

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

April 30, 2003 (Unaudited)

While the maximum potential loss from such contracts is the aggregate face value in U.S. dollars at the time the contract was opened, exposure is typically limited to the change in value of the contract (in U.S. dollars) over the period it remains open. Risks may also arise if counterparties fail to perform their obligations under the contracts.

### OTHER:

Corporate actions and dividend income are recorded on the ex-date (except for certain foreign securities which are recorded as soon after ex-date as the Fund becomes aware of such), net of non-reclaimable tax withholdings. Where a high level of uncertainty as to collection exists, income on securities is recorded net of all tax withholdings with any rebates recorded when received.

The Fund's custodian takes possession through the federal book-entry system of securities collateralizing repurchase agreements. Collateral is marked-to-market daily to ensure that the market value of the underlying assets remains sufficient to protect the Fund. The Fund may experience costs and delays in liquidating the collateral if the issuer defaults or enters bankruptcy.

### NOTE 2. FEDERAL TAX INFORMATION

Income and capital gain distributions are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Reclassifications are made to the Fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryforwards) under income tax regulations.

The following capital loss carryforwards, determined as of October 31, 2002, are available to reduce taxable income arising from future net realized gains on investments, if any, to the extent permitted by the Internal Revenue Code:

| YEAR OF<br>EXPIRATION | CAPITAL LOSS<br>CARRYFORWARD |
|-----------------------|------------------------------|
| 2003                  | \$ 2,102,577                 |
| 2007                  | 3,282,077                    |
| 2008                  | 10,437,671                   |
| 2009                  | 22,694,029                   |
| 2010                  | 23,203,433                   |

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-----  
\$61,719,787  
=====

NOTE 3. FEES AND COMPENSATION PAID TO AFFILIATES  
MANAGEMENT FEE:

Columbia Management Advisors, Inc. ("Columbia") is the investment advisor of the Fund and furnishes accounting and other services and office facilities for a fee to be paid monthly at the annual rate of 0.65% of the average weekly net assets of the Fund.

In addition, the Fund shall pay Columbia monthly a fee equal to 20% of the Fund's monthly "leverage income" (as that term is defined in the management contract); provided, however, if the Fund's monthly leverage income is less than zero then Columbia shall pay the Fund 20% of the Fund's monthly leverage income. For the six months ended April 30, 2003, the fee paid to Columbia under this agreement amounted to \$90,906, which represents 0.29% annually of the Fund's average daily net assets.

On April 1, 2003, Colonial Management Associates, Inc. ("Colonial"), the previous advisor to the Fund merged into Columbia. At the time of the merger, Columbia assumed the obligations of Colonial with respect to the Fund. The merger did not change the way the Fund is managed, the investment personnel assigned to manage the Fund or the fees paid by the Fund to Columbia.

PRICING AND BOOKKEEPING FEES:

Columbia is responsible for providing pricing and bookkeeping services to the Fund under a Pricing and Bookkeeping Agreement. Under a separate agreement (the "Outsourcing Agreement"), Columbia has delegated those functions to State Street Bank and Trust Company ("State Street"). Columbia pays fees to State Street under the Outsourcing Agreement.

Under its pricing and bookkeeping agreement with the Fund, Columbia receives from the Fund an annual flat fee of \$10,000, paid monthly, and in any month that the Fund's average net assets are more than \$50 million, a monthly fee equal to the average net assets of the Fund for that month multiplied by a fee rate that is calculated by taking into account the fees payable to State Street under the Outsourcing Agreement. For the six months ended April 30, 2003, the annualized net asset based fee rate was 0.041%. The Fund also pays out-of-pocket costs for pricing services.

OTHER:

The Fund pays no compensation to its officers, all of whom are employees of Columbia or its affiliates.

The Fund's Independent Trustees may participate in a deferred compensation plan which may be terminated at any time. Obligations of the plan will be paid solely out of the Fund's assets.

The Fund has an agreement with its custodian bank under which \$555 of custody fees were reduced by balance credits for the six months ended April 30, 2003. The Fund could have invested a portion of the assets utilized in connection with the expense offset arrangement in an income-producing asset if it had not entered into such an agreement.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

April 30, 2003 (Unaudited)

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### NOTE 4. PORTFOLIO INFORMATION

#### INVESTMENT ACTIVITY:

For the six months ended April 30, 2003, purchases and sales of investments, other than short-term obligations, were \$36,191,496 and \$35,319,462, respectively.

Unrealized appreciation (depreciation) at April 30, 2003, based on cost of investments for federal income tax purposes, was:

|                               |                |
|-------------------------------|----------------|
| Gross unrealized appreciation | \$ 5,791,410   |
| Gross unrealized depreciation | (16,805,500)   |
|                               | -----          |
| Net unrealized depreciation   | \$(11,014,090) |
|                               | =====          |

#### OTHER:

Investing in high-yield securities involves greater credit risk and other risks not associated with investing in higher-quality securities.

There are certain additional risks involved when investing in foreign securities that are not inherent with investments in domestic securities. These risks may involve foreign currency exchange rate fluctuations, adverse political and economic developments and the possible prevention of foreign currency exchange or the imposition of other foreign governmental laws or restrictions.

The Fund may focus its investments in certain industries, subjecting it to greater risk than a fund that is more diversified.

### NOTE 5. LOAN AGREEMENT

At April 30, 2003, the Fund had two term loans and a revolving loan outstanding with Bank of America NA, totaling \$25,500,000. These loans are comprised of a \$13,700,000 term loan which bears interest at 7.74% per annum, due June 12, 2003, a \$2,100,000 term loan which bears interest at 4.75% per annum, due June 12, 2003 and a \$9,700,000 revolving loan which bears interest at 4.37% per annum, due June 13, 2004. The average daily loan balance was \$25,234,807 at a weighted average interest rate of 6.21%. The Fund is subject to certain covenants including, but not limited to, requirements with respect to asset coverage, portfolio diversification and liquidity.

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### FINANCIAL HIGHLIGHTS

Selected data for a share outstanding throughout each period is as follows:

|  | (UNAUDITED) |              |          |         |
|--|-------------|--------------|----------|---------|
|  | SIX MONTHS  |              |          |         |
|  | ENDED       | YEAR ENDED   |          |         |
|  | APRIL 30,   | -----        | -----    | -----   |
|  | 2003        | 2002         | 2001     | 2000    |
|  | -----       | -----        | -----    | -----   |
| NET ASSET VALUE, BEGINNING OF PERIOD       | \$ 2.79     | \$ 3.51      | \$ 4.83  | \$ 0.00 |
| INCOME FROM INVESTMENT OPERATIONS:         |             |              |          |         |
| Net investment income                      | 0.14 (a)    | 0.38 (a) (b) | 0.51 (a) | 0.00    |
| Net realized and unrealized gain (loss) on |             |              |          |         |

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|  |            |            |           |       |
|--|------------|------------|-----------|-------|
| investments and foreign currency                             | 0.49       | (0.73) (b) | (1.26)    | (     |
|  | -----      | -----      | -----     | ----- |
| Total from Investment Operations                             | 0.63       | (0.35)     | (0.75)    | (     |
|  | -----      | -----      | -----     | ----- |
| LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS:                 |            |            |           |       |
| From net investment income                                   | (0.16)     | (0.36)     | (0.55)    | (     |
| In excess of net investment income                           | --         | --         | --        | (     |
| Return of capital  | --         | (0.01)     | (0.02)    | (     |
|  | -----      | -----      | -----     | ----- |
| Total Distributions Declared to Shareholders                 | (0.16)     | (0.37)     | (0.57)    | (     |
|  | =====      | =====      | =====     | ===== |
| NET ASSET VALUE, END OF PERIOD                               | \$ 3.26    | \$ 2.79    | \$ 3.51   | \$    |
|  | =====      | =====      | =====     | ===== |
| Market price per share                                       | \$ 3.45    | \$ 2.79    | \$ 3.49   | \$    |
|  | =====      | =====      | =====     | ===== |
| Total return-- based on market value (c)                     | 30.31% (d) | (10.43)%   | (14.26)%  | (     |
|  | =====      | =====      | =====     | ===== |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:              |            |            |           |       |
| Operating expenses (e)                                       | 1.26% (f)  | 1.25%      | 1.31%     |       |
| Interest and amortization of deferred debt issuance expenses | 2.54% (f)  | 2.73%      | 2.98%     |       |
| Total expenses (e)   | 3.80% (f)  | 3.98%      | 4.29%     |       |
| Net investment income (e)                                    | 9.32% (f)  | 11.38% (b) | 11.96%    | 1     |
| Portfolio turnover rate                                      | 43% (d)    | 54%        | 52%       |       |
| Net assets, end of period (000's)                            | \$ 68,208  | \$ 58,134  | \$ 72,353 | \$ 98 |

- (a) Per share data was calculated using average shares outstanding during the period.
- (b) Effective November 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium and accreting discount on all debt securities. The effect of this change for the year ended October 31, 2002, was to increase net investment income per share by \$0.02, increase net realized and unrealized loss per share by \$0.02 and increase ratio of net investment income to average net assets from 10.92% to 11.38%. Per share data and ratios for periods prior to October 31, 2002 have not been restated to reflect this change in presentation.
- (c) Total return at market value assuming all distributions reinvested at prices calculated in accordance with the Dividend Reinvestment Plan.
- (d) Not annualized.
- (e) The benefits derived from custody credits and directed brokerage arrangements, if applicable, had an impact of less than 0.01%.
- (f) Annualized.

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FINANCIAL HIGHLIGHTS (CONTINUED)

Selected data for a share outstanding throughout each period is as follows:

|       | YEAR END |       |
|-------|----------|-------|
|       | -----    | ----- |
|       | 1997     | 1996  |
| ----- | -----    | ----- |

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|   |            |           |       |
|---|------------|-----------|-------|
| NET ASSET VALUE, BEGINNING OF PERIOD  | \$ 6.89    | \$ 6.62   | \$    |
| INCOME FROM INVESTMENT OPERATIONS:  |            |           |       |
| Net investment income   | 0.70       | 0.70      |       |
| Net realized and unrealized gain (loss) on investments and foreign currency | 0.38       | 0.26      |       |
| Total from Investment Operations  | 1.08       | 0.96      |       |
| LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS:                                |            |           |       |
| From net investment income  | (0.70)     | (0.69)    | (     |
| NET ASSET VALUE, END OF PERIOD  | \$ 7.27    | \$ 6.89   | \$    |
| Market price per share  | \$ 7.56    | \$ 7.13   | \$    |
| Total return-- based on market value (a)                                    | 16.97%     | 14.62%    | 3     |
| RATIOS TO AVERAGE NET ASSETS/SUPPLEMENTAL DATA:                             |            |           |       |
| Operating expenses (b)  | 0.89%      | 0.98%     |       |
| Interest and amortization of deferred debt issuance expenses                | 1.96%      | 2.07%     |       |
| Total expenses (b)  | 2.85%      | 3.05%     |       |
| Net investment income (b)   | 9.63%      | 10.11%    | 1     |
| Portfolio turnover rate   | 92%        | 92%       |       |
| Net assets, end of period (000's)   | \$ 107,774 | \$ 99,925 | \$ 93 |

(a) Total return at market value assuming all distributions reinvested at prices calculated in accordance with the Dividend Reinvestment Plan.

(b) The benefits derived from custody credits and directed brokerage arrangements, if applicable, had an impact of less than 0.01%, except for the year ended 1997 which had a 0.01% impact.

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Financial Highlights (continued)

LOAN AGREEMENT ASSET COVERAGE REQUIREMENTS

| DATE        | TOTAL AMOUNT<br>OUTSTANDING | ASSET COVERAGE<br>PER \$1,000 OF<br>INDEBTEDNESS |
|-------------|-----------------------------|--|
| -----       | -----                       | -----  |
| 04/30/03*   | \$25,500,000                | \$3,675  |
| 10/31/02    | 24,500,000                  | 3,373  |
| 10/31/01    | 30,500,000                  | 3,372  |
| 10/31/00    | 47,300,000                  | 3,079  |
| 10/31/99    | 47,300,000                  | 3,558  |
| 10/31/98    | 47,300,000                  | 3,632  |
| 10/31/97    | 27,400,000                  | 4,933  |
| 10/31/96    | 27,400,000                  | 4,647  |
| 10/31/95    | 27,400,000                  | 4,430  |
| 10/31/94    | 27,400,000                  | 4,194  |
| 10/31/93    | 27,400,000                  | 4,473  |
| * Unaudited |                             |  |

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RESULTS OF ANNUAL MEETING OF SHAREHOLDERS

On May 21, 2003, the Annual Meeting of Shareholders of the Fund was held to conduct a vote for or against the approval of the following Item listed on the Fund's Proxy Statement for said Meeting. On February 28, 2003, the record date for the Meeting, the Fund had 20,867,809 shares outstanding. The votes cast were as follows:

| PROPOSAL 1.<br>ELECTION OF TRUSTEES:<br>----- | FOR<br>----- | WITHHELD<br>----- |
|---|--------------|-------------------|
| Douglas A. Hacker                             | 18,228,140   | 433,268           |
| Janet Langford Kelly                          | 18,250,790   | 410,618           |
| John J. Neuhauser                             | 18,250,534   | 410,874           |
| Joseph R. Palombo                             | 18,235,184   | 426,224           |

Mr. Hacker, Ms. Kelly, Mr. Neuhauser and Mr. Palombo were elected as Trustees of the Fund. Each will serve for three years or until a successor is elected.

The Board of Trustees is divided into the following three classes, each with a term expiring in the indicated year:

| 2004<br>---- | 2005<br>---- | 2006<br>----  |
|--------------|--------------|---------------|
| Mr. Macera*  | Mr. Lowry    | Mr. Hacker    |
| Mr. Stitzel  | Mr. Mayer    | Ms. Kelly     |
| Mr. Theobald | Mr. Nelson   | Mr. Neuhauser |
| Ms. Verville |              | Mr. Palombo   |

\*Effective June 18, 2003, Mr. Macera is retiring from the Board of Trustees.

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graphic: Transfer Agent

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Important Information About This Report  
The Transfer Agent for Colonial Intermediate High Income Fund is:

PFPC,  
P.O. Box 8030  
Boston, MA 02266-8030  
1-800-331-1710

The fund mails one shareholder report to each shareholder address. Shareholders can order additional reports by calling 800-345-6611. In addition, representatives at that number can provide shareholders information about the fund.

Financial advisors who want additional information about the fund may speak to a representative at 800-426-3750.

SEMIANNUAL REPORT  
Colonial Intermediate High Income Fund



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COLONIAL INTERMEDIATE HIGH INCOME FUND      Semiannual Report

110-03/985N-0503 (06/03) 03/1556

ITEM 2. CODE OF ETHICS.

Not applicable at this time.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable at this time.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable at this time.

ITEMS 5-6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES

Not applicable at this time.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

(a) The Registrant's Chief Executive Officer and Chief Financial Officer, based on their evaluation of the Registrant's disclosure controls and procedures as of June 20, 2003, have concluded that such controls and procedures are adequately designed to ensure that information required to be disclosed by the Registrant in its reports that it files or submits under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the Registrant's management, including the Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

(b) There were no significant changes in the registrant's internal controls or in other factors that could affect these controls subsequent to the date of our evaluation.

ITEM 10. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable at this time.

(b) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2 under the Act (17 CFR 270.30a-2) in the exact form set forth below: Attached hereto.

SIGNATURES

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.

(Registrant) Colonial Intermediate High Income Fund  
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By (Signature and Title)\* /s/ Joseph R. Palombo  
-----

Joseph R. Palombo, President

Date June 20, 2003  
-----

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 (Signature and Title)\* /s/ Joseph R. Palombo  
-----

Joseph R. Palombo, President

Date June 20, 2003  
-----

By (Signature and Title)\* /s/ J. Kevin Connaughton  
-----

J. Kevin Connaughton, Treasurer

Date June 20, 2003  
-----

\* Print the name and title of each signing officer under his or her signature.