

COLONIAL INTERMEDIATE HIGH INCOME FUND  
Form N-30D  
January 08, 2003

COLONIAL INTERMEDIATE HIGH INCOME FUND

ANNUAL REPORT

OCTOBER 31, 2002

[photo of calculator and newspaper]

President's Message

DEAR SHAREHOLDER:

The high-yield bond market was vulnerable to the same economic, accounting and management concerns that undermined confidence in the stock market during the 12-month period that ended October 31, 2002. Although high-yield bonds staged a modest comeback in the fourth quarter of 2001, a string of high-profile bankruptcies and the highest rate of bankruptcies in more than a decade cut the group's rally short. Continued uncertainty about the economy and the prospects for war in Iraq added to investor fears. As investors sought the safety of the highest quality bonds, high-yield bonds continued to lose ground and the lowest-quality high-yield bonds were the hardest hit.

We were disappointed in the returns generated by high-yield bonds during the year. However, based on their yields in comparison to US Treasury bond yields, we believe these bonds represented attractive relative values by the end of the fund's fiscal year.

The following report will provide you with detailed information about the fund's performance and the strategies used by portfolio managers Scott Richards and Greg Smalley. As always, we thank you for investing in Colonial Intermediate High Income Fund and for giving us the opportunity to help you build a strong financial future.

Sincerely,

/s/ Keith T. Banks

Keith T. Banks  
President

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

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

PORTFOLIO MANAGERS' REPORT

ANOTHER CHALLENGING YEAR

Colonial Intermediate High Income Fund returned negative 10.94% at net asset value (NAV) for the fiscal year ended October 31, 2002. The fund's results were in line with its high-yield closed-end fund peers. The Lipper High Current Yield Funds (Leveraged) Category Average returned negative 10.58%.1

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For the past year, high-yield investors have borne the brunt of continued concerns about economic weakness, the quality of reported earnings, fraudulent accounting practices and downgrades of investment-grade bonds by credit rating agencies. These factors created a volatile investment climate that sharply reduced your fund's potential earning power. Nevertheless, the fund performed in line with its peer group, despite having the majority of its assets in the credit-sensitive B-rated sector. During most of the year, B-rated issues did not perform as well as higher quality BB securities.

As a closed-end mutual fund, Colonial Intermediate High Income Fund remained fully invested and leveraged during the fiscal year. In a rising market, this strategy has had the potential to outperform open-end, high-yield mutual funds. However, in a declining market it was a drag on performance. As the price of high-yield bonds declined, we were required to repay borrowed funds in order to keep the required 3-to-1 ratio of assets versus leverage. At the end of the period, the fund's dividend yield of 11.61%, was in line with its closed-end fund peers.

### FUNDAMENTAL CREDIT ANALYSIS HELPED MINIMIZE LOSSES

Maintaining a disciplined approach to fundamental credit analysis played a key role in our investment process, especially during the difficult environment faced this year. We entered the year overweight in B-rated securities and underweight in BB-rated bonds, which was consistent with our long-standing strategy. As economic recovery remained elusive in early 2002, we continued to sell lower-quality issues and replace them with higher-quality bonds. Higher-quality bonds held up better as a result of greater cash flow stability and better liquidity as investor demand for these securities remained high.

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

### TOP CORPORATE ISSUES AS OF 10/31/02 (%)

Allied Waste North	
American	2.01
-----	
Premier International	
Foods	1.93
-----	
Hollywood Casino	1.68
-----	
Sovereign Bancorp	1.61
-----	
K. Hovnanian Enterprises	1.54
-----	

Corporate issues are calculated as a percentage of total investments including short-term investments.

### TOP 5 SECTOR BREAKDOWNS AS OF 10/31/02 (%)

Amusement & recreation	12.9
-----	
Oil & gas extraction	10.5
-----	
Health services	9.7

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-----  
Chemicals & allied products      9.6  
-----

Building construction              8.4  
-----

Sector breakdowns are calculated as a percentage of net assets.

Because the fund is actively managed, there can be no guarantee the fund will continue to hold securities of these issuers or these sectors in the future.

## 12-MONTH DISTRIBUTIONS

DECLARED PER SHARE AS OF

10/31/02 (\$)

0.37  
-----

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

NAV                                      -10.94  
-----

Market price                          -10.43  
-----

## PRICE PER SHARE ON 10/31/02

NAV                                      \$2.79  
-----

Market price                          \$2.79  
-----

1

## PORTFOLIO MANAGERS' REPORT (CONTINUED)

We also shifted the fund's assets out of the depressed cable sector and into more stable industries when it became apparent that this sector would generate sub-par results in 2002. Notable among our dispositions was Adelphia, whose securities we began selling aggressively upon initial indications that the company's financial position had been misrepresented. We managed to sell Adelphia securities at significantly higher values than where they were trading at the end of the period. We added higher-rated credits such as FMC, American Greetings and Yum! Brands (0.7%, 0.5% and 1.3% of net assets, respectively)<sup>2</sup> to the portfolio.

We have maintained greater exposure to less economically-sensitive, more stable industries such as healthcare and food. And we began to add to oil and gas, gaming, lodging and broadcasting holdings during the second half of the year. These industries have generally enjoyed stable cash flows that enable them to make regular income payments on the debt they owe.

COLONIAL INTERMEDIATE HIGH INCOME FUND VS.  
LIPPER HIGH CURRENT YIELD FUNDS  
(LEVERAGED) CATEGORY AVERAGE

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10/31/01-10/31/02

[bar chart data]:

COLONIAL  
INTERMEDIATE  
HIGH INCOME FUND -10.94%\*

LIPPER HIGH  
CURRENT YIELD  
FUNDS (LEVERAGED)  
CATEGORY AVERAGE -10.58

Past performance cannot predict future results. The returns and value of an investment may vary, resulting in a gain or loss on sale. All results shown assume reinvestment of distributions.

\* Return is computed at net asset value.

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

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2 Holdings are disclosed as of October 31, 2002 and are subject to change.

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PORTFOLIO MANAGERS' REPORT (CONTINUED)

ECONOMIC OUTLOOK IS MIXED

With no clear direction in the US economy, we believe high-yield bonds could remain volatile. Although there have been fewer negative surprises, many industries continue to struggle financially, and banks have made it more difficult to borrow money, putting additional pressure on borrowers. Until business prospects improve, we favor the higher quality tiers of the high-yield bond market. We also plan to acquire lower-rated credits opportunistically. We will continue to use our fundamental credit analysis to identify attractive issues backed by solid companies with above-average cash flow prospects.

Sincerely,

/s/ Scott B. Richards

/s/ Gregg R. Smalley

Scott B. Richards

Gregg R. Smalley

Scott B. Richards and Gregg R. Smalley are portfolio co-managers of the Colonial Intermediate High Income Fund. Mr. Richards is a senior vice president of Colonial Management Associates (Colonial). Mr. Smalley is a vice president of Colonial. Colonial is an affiliate of Columbia Management Group, Inc.

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

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increase or decrease.

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INVESTMENT PORTFOLIO

October 31, 2002

CORPORATE FIXED-INCOME

BONDS & NOTES - 134.8%	PAR	VALUE
-----		
CONSTRUCTION - 8.4%		
BUILDING CONSTRUCTION - 8.4%		
Associated Materials, Inc.,		
9.750% 04/15/12 (a)	\$ 335,000	\$ 341,700
Atrium Companies, Inc.,		
10.500% 05/01/09	210,000	197,400
D.R. Horton, Inc.,		
9.750% 09/15/10	955,000	940,675
KB Home,		
8.625% 12/15/08	490,000	492,450
K. Hovnanian Enterprises, Inc.:		
8.875% 04/01/12	170,000	146,200
10.500% 10/01/07	1,060,000	1,113,000
Lennar Corp.,		
7.625% 03/01/09	525,000	528,937
Ryland Group, Inc.,		
9.125% 06/15/11	375,000	393,750
Standard Pacific Corp.,		
9.250% 04/15/12	740,000	717,800
		-----
		4,871,912
		-----
-----		
CONSUMER STAPLES - 0.3%		
HOUSEHOLD PRODUCTS - 0.3%		
Armkel LLC,		
9.500% 08/15/09	180,000	191,700
		-----
-----		
FINANCE, INSURANCE & REAL ESTATE - 4.0%		
DEPOSITORY INSTITUTIONS - 2.3%		
Sovereign Bancorp, Inc.,		
10.500% 11/15/06	1,180,000	1,309,800
		-----
FINANCIAL SERVICES - 0.9%		
MDP Acquisitions PLC,		
9.625% 10/01/12 (a)	525,000	540,750
		-----
INSURANCE AGENTS & BROKERS - 0.5%		
Willis Corroon Corp.,		
9.000% 02/01/09	295,000	309,750
		-----
REAL ESTATE - 0.3%		
iStar Financial, Inc.,		
8.750% 08/15/08	185,000	185,000
		-----

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-----		
MANUFACTURING - 44.1%		
APPAREL - 0.4%		
William Carter Co.,		
10.875% 08/15/11	225,000	243,000
-----		
CHEMICALS & ALLIED PRODUCTS - 9.6%		
Avecia Group PLC,		
11.000% 07/01/09	840,000	705,600
FMC Corp.,		
10.250% 11/01/09 (a)	420,000	431,550
Huntsman ICI Holdings LLC,		
(b) 12/31/09	3,975,000	834,750
-----		
	PAR	VALUE
-----		
Koppers Industries, Inc.,		
9.875% 12/01/07	\$ 725,000	\$ 696,000
Lyondell Chemical Co.:		
9.625% 05/01/07	450,000	429,750
11.125% 07/15/12	475,000	463,125
MacDermid, Inc.,		
9.125% 07/15/11	375,000	399,375
Terra Capital, Inc.,		
12.875% 10/15/08	910,000	937,300
Texas Petrochemicals Corp.,		
11.125% 07/01/06	1,125,000	675,000
-----		
		5,572,450
-----		
ELECTRONIC & ELECTRICAL EQUIPMENT - 2.4%		
Amphenol Corp.,		
9.875% 05/15/07	735,000	757,050
Flextronics International Ltd.,		
9.875% 07/01/10	600,000	627,000
-----		
		1,384,050
-----		
FABRICATED METAL - 0.7%		
Earle M. Jorgensen Co.,		
9.750% 06/01/12	425,000	416,500
-----		
FOOD & KINDRED PRODUCTS - 7.7%		
Constellation Brands, Inc.,		
8.125% 01/15/12	270,000	280,800
Del Monte Corp.,		
9.250% 05/15/11	500,000	497,500
Dole Food Co., Inc.,		
7.250% 05/01/09	455,000	414,050
Johnsondiversey, Inc.,		
9.625% 05/15/12 (a)	500,000	507,500
New World Pasta Co.,		
9.250% 02/15/09	275,000	261,250
Premier International Foods PLC,		
12.000% 09/01/09	1,500,000	1,575,000
Roundy's Inc.,		
8.875% 06/15/12 (a)	410,000	393,600
Smithfield Foods, Inc.,		
8.000% 10/15/09	525,000	526,312

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		----- 4,456,012 -----
FURNITURE & FIXTURES - 1.0%		
Congoleum Corp.,		
8.625% 08/01/08	225,000	184,500
Juno Lighting, Inc.,		
11.875% 07/01/09	295,000	297,950
Simmons Co.,		
10.250% 03/15/09	100,000	106,000
		----- 588,450 -----
MEASURING & ANALYZING INSTRUMENTS - 0.7%		
Fisher Scientific International, Inc.,		
8.125% 05/01/12	375,000	384,375
		-----

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

October 31, 2002

CORPORATE FIXED-INCOME

BONDS & NOTES (CONTINUED)	PAR	VALUE
-----		
MISCELLANEOUS MANUFACTURING - 6.6%		
Actuant Corp.,		
13.000% 05/01/09	\$ 351,000	\$ 401,895
AGCO Corp.,		
9.500% 05/01/08	400,000	420,000
Applied Extrusion Technologies, Inc.,		
10.750% 07/01/11	320,000	182,400
Ball Corp.,		
8.250% 08/01/08	250,000	257,500
Dana Corp.:		
9.000% 08/15/11	210,000	193,200
10.125% 03/15/10	200,000	194,000
Flowserve Corp.,		
12.250% 08/15/10	361,000	380,855
JLG Industries, Inc.,		
8.375% 06/15/12	245,000	176,400
Owens-Illinois, Inc.:		
7.150% 05/15/05	150,000	142,500
7.500% 05/15/10	600,000	534,000
Tekni-Plex, Inc.,		
12.750% 06/15/10	915,000	823,500
Terex Corp.,		
10.375% 04/01/11	145,000	130,500
		----- 3,836,750 -----
PAPER PRODUCTS - 1.6%		
Corp. Durango SA de CV,		
13.125% 08/01/06	525,000	333,375

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Jefferson Smurfit Corp., 8.250% 10/01/12 (a)	250,000	251,250
Tembec Industries, Inc., 8.500% 02/01/11	350,000	353,500
		-----
		938,125
		-----

PRIMARY METAL - 2.7%		
AK Steel Corp., 7.750% 06/15/12 (a)	270,000	264,600
Bayou Steel Corp., 9.500% 05/15/08	1,000,000	450,000
Kaiser Aluminum & Chemical Corp., 10.875% 10/15/06 (c)	780,000	468,000
Oregon Steel Mills, Inc., 10.000% 07/15/09 (a)	205,000	205,000
WCI Steel, Inc., 10.000% 12/01/04	665,000	146,300
Wheeling-Pittsburgh Corp., 9.250% 11/15/07 (c)	2,000,000	60,000
		-----
		1,593,900
		-----

PRINTING & PUBLISHING - 5.1%		
American Greetings Corp., 11.750% 07/15/08	255,000	272,850
Dex Media East LLC, 12.125% 11/15/12 (a)	430,000	441,825
PriMedia, Inc., 8.875% 05/15/11	445,000	378,250
Quebecor Media, Inc., 11.125% 07/15/11	925,000	656,750

	PAR	VALUE
-----	-----	-----
Von Hoffman Corp., 10.250% 03/15/09	\$ 495,000	\$ 455,400
Yell Finance BV, 10.750% 08/01/11	750,000	750,000
		-----
		2,955,075
		-----

STONE, CLAY, GLASS & CONCRETE - 0.8%		
Anchor Glass Container Corp., 11.250% 04/01/05 (c)	500,000	472,500
		-----

TRANSPORTATION EQUIPMENT - 4.8%		
BE Aerospace, Inc., 8.875% 05/01/11	575,000	372,313
Collins & Aikman Products Co., 10.750% 12/31/11	725,000	667,000
Dura Operating Corp., 8.625% 04/15/12	345,000	332,925
Lear Corp., 8.110% 05/15/09	500,000	522,500
Newcor, Inc., 9.875% 03/01/08 (c)	1,170,000	210,600
Pennzoil-Quaker State Co., 10.000% 11/01/08	460,000	542,800
Sequa Corp.,		



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8.875% 04/01/08	200,000	166,000
		-----
		2,814,138
		-----

-----  
MINING & ENERGY - 11.2%

METAL MINING - 0.6%

TriMas Corp.,

9.875% 06/15/12 (a)	340,000	323,000
		-----

OIL & GAS EXTRACTION - 10.1%

Benton Oil & Gas Co.,

9.375% 11/01/07	485,000	452,263
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Compton Petroleum Corp.,

9.900% 05/15/09 (a)	325,000	340,073
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Denbury Management, Inc.,

9.000% 03/01/08	125,000	126,250
-----------------	---------	---------

El Paso Energy Partners LP,

8.500% 06/01/11 (a)	165,000	148,088
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Encore Acquisition Co.,

8.375% 06/15/12 (a)	325,000	328,250
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Forest Oil Corp.,

8.000% 06/15/08	400,000	424,000
-----------------	---------	---------

Magnum Hunter Resources, Inc.,

10.000% 06/01/07	925,000	966,625
------------------	---------	---------

Mariner Energy, Inc.,

10.500% 08/01/06	690,000	641,700
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Petsec Energy, Inc.,

9.500% 06/15/07 (d)	2,000,000	20,000
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Pioneer Natural Resources Co.:

7.500% 04/15/12	105,000	110,775
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9.625% 04/01/10	10,000	11,600
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See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

October 31, 2002

CORPORATE FIXED-INCOME

BONDS & NOTES (CONTINUED)

PAR

VALUE

-----  
MINING & ENERGY (CONTINUED)

OIL & GAS EXTRACTION (CONTINUED)

Pogo Producing Co.,

8.250% 04/15/11	\$ 965,000	\$ 1,003,600
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Stone Energy Corp.,

8.250% 12/15/11	220,000	223,300
-----------------	---------	---------

Trico Marine Services, Inc.,

8.875% 05/15/12	275,000	222,750
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XTO Energy, Inc.,

7.500% 04/15/12	800,000	844,000
		-----

5,863,274

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OIL & GAS FIELD SERVICES - 0.5%		
Newpark Resources, Inc.,		
8.625% 12/15/07	290,000	274,050
-----		
RETAIL TRADE - 3.8%		
FOOD STORES - 0.8%		
Pathmark Stores, Inc.,		
8.750% 02/01/12	200,000	170,000
Winn-Dixie Stores, Inc.,		
8.875% 04/01/08	310,000	306,900
		476,900
-----		
MISCELLANEOUS RETAIL - 1.7%		
JC Penney Co., Inc.,		
9.000% 08/01/12 (a)	450,000	423,000
Steinway Musical Instruments, Inc.,		
8.750% 04/15/11	550,000	544,500
		967,500
-----		
RESTAURANTS - 1.3%		
Yum! Brands, Inc.:		
7.700% 07/01/12	305,000	315,675
8.875% 04/15/11	395,000	426,600
		742,275
-----		
SERVICES - 27.8%		
AMUSEMENT & RECREATION - 12.9%		
Ameristar Casinos, Inc.,		
10.750% 02/15/09	400,000	430,000
Argosy Gaming Co.,		
10.750% 06/01/09	335,000	368,500
Boyd Gaming Corp.,		
9.500% 07/15/07	250,000	253,750
Circus-Circus & Eldorado/Silver Legacy,		
10.125% 03/01/12	455,000	450,450
Coast Hotels & Casinos, Inc.,		
9.500% 04/01/09	500,000	522,500
Hollywood Casino Corp.,		
11.250% 05/01/07	400,000	432,000
Hollywood Casino Shreveport,		
13.000% 08/01/06	900,000	936,000
Hollywood Park, Inc.,		
9.500% 08/01/07	1,000,000	840,000
Majestic Investor Holdings,		
11.653% 11/30/07	225,000	195,750
	PAR	VALUE
-----		
Mohegan Tribal Gaming Authority,		
8.000% 04/01/12	\$ 500,000	\$ 512,500
Penn National Gaming, Inc.,		
11.125% 03/01/08	1,050,000	1,123,500

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Regal Cinemas, Inc., 9.375% 02/01/12	600,000	627,000
Riviera Holdings Corp., 11.000% 06/15/10 (a)	30,000	27,300
Six Flags, Inc., 9.500% 02/01/09	485,000	438,925
Venetian Casino Resort LLC, 11.000% 06/15/10 (a)	325,000	333,125
		-----
		7,491,300
		-----
AUTO EQUIPMENT & RENTAL SERVICES - 0.8%		
United Rentals, Inc.:		
8.800% 08/15/08	325,000	230,750
9.500% 06/01/08	275,000	203,500
		-----
		434,250
		-----
FUNERAL SERVICES - 2.0%		
Service Corp. International, 7.700% 04/15/09	875,000	739,375
Stewart Enterprises, Inc., 10.750% 07/01/08	400,000	434,000
		-----
		1,173,375
		-----
HEALTH SERVICES - 9.7%		
Alliance Imaging, Inc., 10.375% 04/15/11	415,000	429,525
AmerisourceBergen Corp., 8.125% 09/01/08	330,000	351,450
Bio-Rad Laboratories, Inc., 11.625% 02/15/07	600,000	669,000
Coventry Health Care, Inc., 8.125% 02/15/12	525,000	540,750
HCA, Inc., 8.750% 09/01/10	670,000	752,035
InSight Health Services Corp., 9.875% 11/01/11	675,000	644,625
Magellan Health Services, Inc.:		
9.000% 02/15/08	790,000	134,300
9.375% 11/15/07 (a)	385,000	227,150
MedQuest Inc., 11.875% 08/15/12 (a)	500,000	492,500
PacifiCare Health Systems, Inc., 10.750% 06/01/09	210,000	216,300
Radiologix, Inc., 10.500% 12/15/08	400,000	396,000
Res-Care, Inc., 10.625% 11/15/08	455,000	364,000
United Surgical Partners International, Inc., 10.000% 12/15/11	400,000	396,000
Vanguard Health Systems, Inc., 9.750% 08/01/11	55,000	51,150
		-----
		5,664,785
		-----

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

October 31, 2002

CORPORATE FIXED-INCOME

BONDS & NOTES (CONTINUED)	PAR	VALUE
-----		
HOTELS, CAMPS & LODGING - 2.4%		
Host Marriott LP,		
9.500% 01/15/07	\$ 800,000	\$ 796,000
Starwood Hotels & Resorts Worldwide, Inc.,		
7.875% 05/01/12 (a)	625,000	595,313
		-----
		1,391,313
		-----
-----		
TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS & SANITARY SERVICES - 34.5%		
AEROSPACE - 2.3%		
L-3 Communications Corp.,		
7.625% 06/15/12	450,000	465,750
TransDigm, Inc.,		
10.375% 12/01/08	850,000	867,000
		-----
		1,332,750
		-----
AIR TRANSPORTATION - 1.8%		
Northwest Airlines, Inc.,		
9.875% 03/15/07	615,000	264,450
U.S. Airways, Inc.,		
10.375% 03/01/13 (c)	1,600,000	800,000
		-----
		1,064,450
		-----
BROADCASTING - 7.5%		
Advanstar Communications, Inc.,		
12.000% 02/15/11	500,000	300,000
Allbritton Communications Co.,		
9.750% 11/30/07	600,000	621,000
CanWest Media, Inc.,		
10.625% 05/15/11	500,000	532,500
Corus Entertainment, Inc.,		
8.750% 03/01/12	200,000	205,000
Cumulus Media, Inc.,		
10.375% 07/01/08	225,000	237,938
Emmis Communications Corp.,		
(e) 03/15/11		
(12.500% 03/15/06)	561,000	440,385
LIN Holdings Corp.,		
(e) 03/01/08		
(10.000% 03/01/03)	725,000	736,781
Sinclair Broadcast Group, Inc.,		
8.750% 12/15/11	600,000	630,000
TV Azteca SA de CV,		
10.500% 02/15/07	745,000	670,500
		-----
		4,374,104

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CABLE - 6.4%		
Cable Satisfaction International, Inc.,		
12.750% 03/01/10	595,000	190,400
Charter Communications Holdings LLC:		
(e) 04/01/11		
(9.920% 04/01/04)	795,000	246,450
10.000% 04/01/09	325,000	139,750
10.750% 10/01/09	275,000	121,688
11.125% 01/15/11	675,000	298,687
Comcast UK Cable Partners Ltd.,		
11.200% 11/15/07	750,000	540,000

	PAR	VALUE
-----		
Diamond Cable Communications PLC,		
10.750% 02/15/07 (c)	\$1,085,000	\$ 75,950
EchoStar DBS Corp.,		
9.250% 02/01/06	1,005,000	1,015,050
Insight Communications Co., Inc.,		
(e) 02/15/11		
(12.250% 02/15/06)	770,000	292,600
Northland Cable Television, Inc.,		
10.250% 11/15/07	1,350,000	783,000
		-----
		3,703,575
		-----

COMMUNICATIONS - 0.6%		
XM Satellite Radio Holdings, Inc.,		
14.000% 03/15/10	830,000	340,300

COMMUNICATIONS SERVICES - 0.9%		
Crown Castle International Corp.:		
(e) 05/15/11		
(10.375% 05/15/04)	250,000	132,500
10.750% 08/01/11	250,000	191,250
SBA Communications Corp.,		
10.250% 02/01/09	440,000	211,200
		-----
		534,950
		-----

ELECTRIC, GAS & SANITARY SERVICES - 3.8%		
Allied Waste North America, Inc.:		
8.500% 12/01/08	475,000	465,500
10.000% 08/01/09	1,215,000	1,170,956
HydroChem Industrial Services, Inc.,		
10.375% 08/01/07	750,000	562,500
		-----
		2,198,956
		-----

ELECTRIC SERVICES - 4.1%		
AES Corp.,		
9.500% 06/01/09	450,000	198,000
Beaver Valley Funding Corp.,		
9.000% 06/01/17	590,000	593,198
Caithness Coso Funding Corp.,		
9.050% 12/15/09	582,754	559,444
Calpine Corp.,		
8.500% 02/15/11	875,000	280,000
Nevada Power Co.,		

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10.875% 10/15/09 (a)	260,000	248,123
PSE&G Energy Holdings, Inc.,		
8.625% 02/15/08	395,000	260,700
Western Resources, Inc.,		
7.875% 05/01/07	275,000	266,750
		-----
		2,406,215
		-----
MOTOR FREIGHT & WAREHOUSING - 0.6%		
QDI LLC:		
12.000% 06/15/09 (a)	150,687	22,603
12.500% 06/15/08 (a)	651,000	325,500
		-----
		348,103
		-----
POLLUTION CONTROL - 0.5%		
EnviroSource, Inc.,		
14.000% 12/15/08	318,192	286,373
		-----

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

October 31, 2002

CORPORATE FIXED-INCOME

BONDS & NOTES (CONTINUED)	PAR	VALUE
-----		
TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS & SANITARY SERVICES (CONTINUED)		
RADIOTELEPHONE COMMUNICATIONS - 2.2%		
AirGate PCS, Inc.,		
(e) 10/01/09		
(13.500% 10/01/04)	\$ 399,000	\$ 31,920
Nextel Communications, Inc.,		
9.375% 11/15/09	870,000	748,200
Nextel Partners, Inc.,		
11.000% 03/15/10	90,000	67,500
Rogers Cantel, Inc.,		
9.750% 06/01/16	450,000	337,500
US Unwired, Inc.,		
(e) 11/01/09		
(13.375% 11/01/04)	800,000	64,000
		-----
		1,249,120
		-----
RAILROAD - 1.3%		
Kansas City Southern Railway Co.,		
7.500% 06/15/09	365,000	377,319
TFM SA de CV,		
12.500% 06/15/12 (a)	380,000	371,450
		-----
		748,769
		-----

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TELECOMMUNICATIONS - 1.6%		
AT&T Wireless Services, Inc.,		
7.875% 03/01/11	335,000	291,450
Carrier 1 International SA,		
13.250% 02/15/09 (c)	750,000	22,500
Horizon PCS, Inc.,		
13.750% 06/15/11	415,000	78,850
Ono Finance PLC,		
(b) 12/31/09	175	2
RCN Corp.,		
11.125% 10/15/07	750,000	135,000
Time Warner Telecom, Inc.:		
9.750% 07/15/08	470,000	211,500
10.125% 02/01/11	405,000	186,300
		-----
		925,602
		-----
TRANSPORTATION SERVICES - 0.9%		
Petroleum Helicopters, Inc.,		
9.375% 05/01/09	530,000	553,850
		-----
-----		
WHOLESALE TRADE - 0.7%		
DURABLE GOODS - 0.7%		
Playtex Products, Inc.,		
9.375% 06/01/11	380,000	404,700
		-----
TOTAL CORPORATE FIXED-INCOME		
BONDS & NOTES		
(cost of \$97,869,781)		78,338,076
		-----
PREFERRED STOCKS - 2.4%		
	SHARES	VALUE
-----		
TRANSPORTATION, COMMUNICATIONS, ELECTRIC,		
GAS & SANITARY SERVICES - 2.4%		
BROADCASTING - 0.6%		
Granite Broadcasting Corp.,		
12.750%	1	\$ 629
Sinclair Broadcast Group, Inc.		
11.625%	3,250	340,031
		-----
		340,660
		-----
CABLE - 1.6%		
CSC Holdings Ltd.:		
11.125%	7,681	460,847
11.750%	7,979	478,726
		-----
		939,573
		-----
COMMUNICATIONS - 0.1%		
Dobson Communication Corp.,		
12.250% PIK	161	35,394
		-----
POLLUTION CONTROL - 0.1%		
EnviroSource, Inc.,		
7.250%	2,000	92,593

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-----		
TELECOMMUNICATIONS - 0.0%		
XO Communications, Inc.:		
13.500% PIK (c)	789	1
14.000% PIK (c)	28,520	285
		-----
		286
		-----
TOTAL PREFERRED STOCKS		
(cost of \$4,694,840)		1,408,506
		-----
COMMON STOCKS - 0.5% (F)		
-----		
MINING & ENERGY - 0.4%		
OIL & GAS EXTRACTION - 0.4%		
Pioneer Natural Resources Co.	8,153	202,765
		-----
-----		
TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS & SANITARY SERVICES - 0.1%		
POLLUTION CONTROL - 0.0%		
EnviroSource, Inc.	8,000	1,840
Fairlane Management Corp. (g)	8,000	--
		-----
		1,840
		-----
RADIOTELEPHONE COMMUNICATIONS - 0.1%		
AirGate PCS, Inc.	1	0
Nextel Communications, Inc., Class A	6,196	69,891
		-----
		69,891
		-----
TOTAL COMMON STOCKS		
(cost of \$359,856)		274,496
		-----

See notes to investment portfolio.

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INVESTMENT PORTFOLIO (CONTINUED)

October 31, 2002

WARRANTS - 0.0% (F)	UNITS	VALUE
-----		
TRANSPORTATION, COMMUNICATIONS, ELECTRIC, GAS & SANITARY SERVICES - 0.0%		
CABLE - 0.0%		
Cable Satisfaction International, Inc., Expires 03/01/05	970	\$ 485
		-----
COMMUNICATIONS - 0.0%		
UbiquiTel Operating Co., Expires 04/15/10 (a)	525	5
XM Satellite Radio Holdings, Inc.,		



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Expires 03/15/10 (a)	600	450
		-----
		455
		-----
TELECOMMUNICATIONS - 0.0%		
Carrier 1 International SA,		
Expires 02/19/09 (a)	347	3
Horizon PCS, Inc.,		
Expires 10/01/10 (a)	665	7
Jazztel PLC,		
Expires 07/15/10 (a)	350	0
MetroNet Communications Corp.,		
Expires 08/15/07 (a)	250	16,902
Ono Finance PLC,		
Expires 05/31/09 (a)	750	1
		-----
		16,913
		-----
MOTOR FREIGHT & WAREHOUSING - 0.0%		
QDI, LLC,		
Expires 01/15/07 (a)	2,041	0
		-----
TOTAL WARRANTS		
(cost of \$94,214)		17,853
		-----
SHORT-TERM OBLIGATION - 2.5%		
	PAR	
-----		
Federal Home Loan Bank,		
1.690% 11/01/02 (h)		
(cost of \$1,464,000)	\$1,464,000	1,464,000
		-----
TOTAL INVESTMENTS - 140.2%		
(cost of \$104,494,214) (i)		81,502,931
		-----
OTHER ASSETS & LIABILITIES, NET - (40.2)%		(23,368,681)
-----		
Net Assets - 100.0%		\$58,134,250
		-----

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 October 31, 2002, the value of these securities amounted to \$7,600,618 or 13.1% of net assets.
  - (b) Zero coupon bond.
  - (c) As of October 31, 2002, the Fund held securities of certain issuers that have filed for bankruptcy protection under Chapter 11.
  - (d) This issuer is in default of certain debt covenants. Income is not being accrued.
  - (e) 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.
  - (f) Non-income producing.
  - (g) Represents fair value as determined in good faith under the direction of the Board of Trustees.
  - (h) Rate represents yield at date of purchase.

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- (i) Cost for generally accepted accounting principles is \$104,494,214. Cost for federal income tax purposes is \$104,191,282. The difference between cost for generally accepted accounting principles and cost on a tax basis is related to timing differences and amortization/accretion tax elections on fixed-income securities. Realized losses have been deferred for tax purposes and cost adjusted accordingly.

ACRONYM	NAME
-----	-----
PIK	Payment-In-Kind
See notes to financial statements.	
9	
STATEMENT OF ASSETS AND LIABILITIES	
October 31, 2002	
ASSETS:	
Investments, at cost	\$104,494,214
	-----
Investments, at value	\$ 81,502,931
Cash	51,578
Receivable for:	
Investments sold	317,375
Interest	2,401,873
Deferred Trustees' compensation plan	4,928
	-----
Total Assets	84,278,685
	-----
LIABILITIES:	
Payable for:	
Interest	558,484
Investments purchased	433,625
Distributions	562,205
Management fee	32,400
Pricing and bookkeeping fees	1,522
Trustees' fee	41
Deferred Trustees' fee	4,928
Other liabilities	51,230
Notes payable - short-term	14,800,000
Notes payable - long-term	9,700,000
	-----
Total Liabilities	26,144,435
	-----
NET ASSETS	\$ 58,134,250
	-----
COMPOSITION OF NET ASSETS:	
Paid-in capital	\$143,310,995
Overdistributed net investment income	(401,061)
Accumulated net realized loss	(61,784,401)
Net unrealized depreciation on investments	(22,991,283)
	-----
NET ASSETS	\$ 58,134,250
	-----
Shares outstanding	20,822,420
	-----
Net asset value per share	\$ 2.79

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STATEMENT OF OPERATIONS

For the Year Ended October 31, 2002

INVESTMENT INCOME:	
Interest	\$ 10,137,773
Dividends	481,486
-----	
Total Investment Income	
(net of foreign taxes withheld of \$1,651)	10,619,259
-----	
EXPENSES:	
Management fee	645,271
Pricing and bookkeeping fees	44,825
Trustees' fee	8,747
Custody fee	8,277
Other expenses	157,379
-----	
Total Operating Expenses	864,499
Custody earnings credit	(1,123)
-----	
Net Operating Expenses	863,376
Interest expense	1,889,585
-----	
Net Expenses	2,752,961
-----	
Net Investment Income	7,866,298
-----	
NET REALIZED AND UNREALIZED GAIN	
(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY	
Net realized loss on:	
Investments	(23,338,320)
Foreign currency transactions	(75,278)
-----	
Net realized loss	(23,413,598)
-----	
Net change in unrealized appreciation/ depreciation on:	
Investments	8,409,133
Foreign currency translations	28,117
-----	
Net change in unrealized appreciation/depreciation	8,437,250
-----	
Net Loss	(14,976,348)
-----	
Net Decrease in Net Assets from Operations	\$ (7,110,050)
-----	

See notes to financial statements.

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STATEMENT OF CHANGES IN NET ASSETS

INCREASE (DECREASE) IN NET ASSETS:

OPERATIONS:

Net investment income	\$
Net realized loss on investments and foreign currency transactions	(2)
Net change in unrealized appreciation/depreciation on investments and foreign currency translations	

Net Decrease from Operations	(
------------------------------	---

DISTRIBUTIONS DECLARED TO SHAREHOLDERS:

From net investment income	(
Return of capital	

Total Distributions Declared to Shareholders	(
--	---

SHARE TRANSACTIONS:

Distributions reinvested	
--------------------------	--

Total Decrease in Net Assets	(1
------------------------------	----

NET ASSETS:

Beginning of period	7
---------------------	---

End of period (including overdistributed net investment income of \$(401,061) and \$(1,027,990), respectively)	\$ 5
--	------

CHANGES IN SHARES:

Issued for distributions reinvested	
-------------------------------------	--

See notes to financial statements.

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STATEMENT OF CASH FLOWS

For the Year Ended October 31, 2002

INCREASE (DECREASE) IN CASH:

CASH FLOWS FROM OPERATING ACTIVITIES:

Net investment income	\$ 7,866,298
Adjustments to reconcile net investment income to net cash provided by operating activities:	
Purchase of investment securities	(49,945,586)
Proceeds from disposition of investment securities	53,785,870
Sale of short-term investments, net	2,279,042
Net realized gain due to foreign currency transactions	779

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Decrease in interest and dividend receivable	391,272
Decrease in other assets	15,179
Net realized loss from forward currency contracts	(76,057)
Decrease in receivable for investments sold	847,178
Decrease in payable for investments purchased	(676,874)
Decrease in accrued expenses and other liabilities	(44,912)
Net amortization/accretion of income	(1,264,612)
	-----
Net cash provided by operating activities	13,177,577
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Decrease in notes payable	(6,000,000)
Decrease in interest payable	(105,665)
Distributions paid in cash	(7,290,795)
	-----
Net cash used by financing activities	(13,396,460)
	-----
Net decrease in cash	(218,883)
<b>CASH:</b>	
Beginning of period	270,461
	-----
End of period	\$ 51,578
	=====

Supplemental disclosure of cash flow information:

Non-cash financing activities not included in this statement consist of reinvestment of distributions of \$653,667.

See notes to financial statements.

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NOTES TO FINANCIAL STATEMENTS

October 31, 2002

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 lower-rated corporate debt securities. 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. When management deems it appropriate, an over-the-counter or exchange bid quotation is used.

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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 October 31, 2002.

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.

The value of additional securities received as an interest payment is recorded as income and as the cost basis of such securities. Effective November 1, 2001, the Fund adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing and accreting premium and discount on all debt securities. The cumulative effect of this accounting change did not impact total net assets of the Fund, but resulted in reclassifications as follows, based on securities held by the Fund on November 1, 2001:

COST	NET UNREALIZED DEPRECIATION
-----	-----
\$371,801	\$(371,801)

The effect of this change, for the year ended October 31, 2002, was as follows:

NET INVESTMENT INCOME	NET REALIZED LOSS	NET UNREALIZED DEPRECIATION
-----	-----	-----
\$319,580	\$(323,835)	\$4,255

The Statement of Changes in Net Assets and Financial Highlights for prior periods have not been restated to reflect this change.

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### 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 fluctuation 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) from investments.

### 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

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 2002

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. 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.

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These differences are primarily due to differing treatments for deferral of losses from wash sales, discount accretion/premium amortization on debt securities, current year distribution payable, capital loss carryforwards, non-deductible expenses and defaulted bonds. 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.

For the year ended October 31, 2002, permanent items identified and reclassified among the components of net assets are as follows:

OVERDISTRIBUTED NET INVESTMENT INCOME	ACCUMULATED NET REALIZED LOSS	PAID-IN CAPITAL
\$(145,888)	\$145,888	\$--

Net investment income, net realized gains (losses) and net assets were not affected by this reclassification. The tax character of distributions paid during the year was as follows:

ORDINARY INCOME	TAX RETURN OF CAPITAL
\$7,465,282	\$297,562

As of October 31, 2002, the components of distributable earnings on a tax basis were as follows:

UNREALIZED DEPRECIATION*
\$(22,688,351)

\*The difference between book-basis and tax-basis unrealized depreciation is attributable primarily to the tax deferral of losses on wash sales.

The following capital loss carryforwards 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 EXPIRATION	CAPITAL LOSS CARRYFORWARD
2003	\$ 2,102,577
2007	3,282,077
2008	10,437,671
2009	22,694,029
2010	23,203,433
	\$61,719,787

### 3. FEES AND COMPENSATION PAID TO AFFILIATES

#### MANAGEMENT FEE:

Colonial Management Associates, Inc. (the "Advisor") 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 the Advisor monthly a fee equal to 20% of the



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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 the Advisor shall pay the Fund 20% of the Fund's monthly leverage income. For the year ended October 31, 2002, the fee paid to the Advisor under this agreement amounted to \$195,862, which represents 0.28% annually of the Fund's average daily net assets.

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

October 31, 2002

#### PRICING AND BOOKKEEPING FEES:

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

Under its pricing and bookkeeping agreement with the Fund, the Advisor 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 year ended October 31, 2002, the net asset based fee rate was 0.036%. 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 the Advisor 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 \$1,123 of custody fees were reduced by balance credits for the year ended October 31, 2002. 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.

#### NOTE 4. PORTFOLIO INFORMATION

##### INVESTMENT ACTIVITY:

For the year ended October 31, 2002, purchases and sales of investments, other than short-term obligations, were \$49,945,586 and \$53,785,870, respectively. Unrealized appreciation (depreciation) at October 31, 2002, based on cost of investments for federal income tax purposes, was:

Gross unrealized appreciation	\$ 1,721,556
Gross unrealized depreciation	(24,409,907)
	-----
Net unrealized depreciation	\$(22,688,351)
	-----

#### OTHER:

There are certain additional risks involved when investing in foreign securities

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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 currency exchange or 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 October 31, 2002, the Fund had two term loans and a revolver loan outstanding with Bank of America NA, totaling \$24,500,000. These loans are comprised of a \$13,700,000 term loan which bears interest at 7.74% per annum, due June 12, 2003, a \$1,100,000 term loan which bears interest at 4.75% per annum, due June 12, 2003 and a \$9,700,000 revolver loan which bears interest at 4.37% per annum, due June 13, 2004. The average daily loan balance was \$28,763,014 at a weighted average interest rate of 6.57%. 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:

	YEAR ENDED OCTOBER 31		
	2002	2001	2000
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 3.51	\$ 4.83	\$ 4.83
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income	0.38 (a)	0.51 (a)	0.51 (a)
Net realized and unrealized loss on investments and foreign currency	(0.73) (b)	(1.26)	(1.26)
Total from Investment Operations	(0.35)	(0.75)	(0.75)
LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS:			
From net investment income	(0.36)	(0.55)	(0.55)
In excess of net investment income	--	--	--
Return of capital	(0.01)	(0.02)	(0.02)
Total Distributions Declared to Shareholders	(0.37)	(0.57)	(0.57)
NET ASSET VALUE, END OF PERIOD	\$ 2.79	\$ 3.51	\$ 4.83
Market price per share	\$ 2.79	\$ 3.49	\$ 4.83
Total return-- based on market value (c)	(10.43)%	(14.26)%	(14.26)%
RATIOS TO AVERAGE NET ASSETS:			
Operating expenses (d)	1.25%	1.31%	1.31%
Interest and amortization of deferred debt issuance expenses	2.73%	2.98%	2.98%
Total expenses (d)	3.98%	4.29%	4.29%

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Net investment income (d)	11.38% (b)	11.96%	1
Portfolio turnover rate	54%	52%	
Net assets, end of period (000's)	\$ 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 and accreting premium and 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) The benefits derived from custody credits and directed brokerage arrangements, if applicable, had no impact.

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### FINANCIAL HIGHLIGHTS (CONTINUED)

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

	YEAR ENDED OCTOBER 31		
	1997	1996	1995
NET ASSET VALUE, BEGINNING OF PERIOD	\$ 6.89	\$ 6.62	\$ 6.45
INCOME FROM INVESTMENT OPERATIONS:			
Net investment income	0.70	0.70	0.70
Net realized and unrealized gain (loss) on investments and foreign currency	0.38	0.26	0.26
Total from Investment Operations	1.08	0.96	0.96
LESS DISTRIBUTIONS DECLARED TO SHAREHOLDERS:			
From net investment income	(0.70)	(0.69)	(0.69)
NET ASSET VALUE, END OF PERIOD	\$ 7.27	\$ 6.89	\$ 6.76
Market price per share	\$ 7.56	\$ 7.13	\$ 6.95
Total return-- based on market value (a)	16.97%	14.62%	13.82%
RATIOS TO AVERAGE NET ASSETS:			
Operating expenses (b)	0.89%	0.98%	0.98%
Interest and amortization of deferred debt issuance expenses	1.96%	2.07%	2.07%
Total expenses (b)	2.85%	3.05%	3.05%
Net investment income (b)	9.63%	10.11%	10.11%
Portfolio turnover rate	92%	92%	92%
Net assets, end of period (000's)	\$ 107,774	\$ 99,925	\$ 93,000

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- (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 no impact, except for the year ended 1997 which had a 0.01% impact.

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FINANCIAL HIGHLIGHTS (CONTINUED)

LOAN AGREEMENT ASSET COVERAGE REQUIREMENTS

OCTOBER 31, -----	TOTAL AMOUNT OUTSTANDING -----	ASSET COVERAGE PER \$1,000 OF INDEBTEDNESS -----
2002	\$24,500,000	\$3,373
2001	30,500,000	3,372
2000	47,300,000	3,079
1999	47,300,000	3,558
1998	47,300,000	3,632
1997	27,400,000	4,933
1996	27,400,000	4,647
1995	27,400,000	4,430
1994	27,400,000	4,194
1993	27,400,000	4,473

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REPORT OF INDEPENDENT ACCOUNTANTS

TO THE TRUSTEES AND THE SHAREHOLDERS OF  
COLONIAL INTERMEDIATE HIGH INCOME FUND

In our opinion, the accompanying statement of assets and liabilities, including the investment portfolio, and the related statements of operations, changes in net assets and cash flows and the financial highlights present fairly, in all material respects, the financial position of Colonial Intermediate High Income Fund (the "Fund") at October 31, 2002, and the results of its operations, the changes in its net assets, its cash flows and its financial highlights for the periods indicated, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of portfolio positions

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at October 31, 2002 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Boston, Massachusetts

December 23, 2002

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### UNAUDITED INFORMATION

#### RESULTS OF ANNUAL MEETING OF SHAREHOLDERS

On May 22, 2002, 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 March 1, 2002, the record date for the Meeting, the Fund had 20,723,717 shares outstanding. The votes cast were as follows:

#### PROPOSAL 1.

ELECTION OF TRUSTEES	FOR	WITHHELD
Richard W. Lowry	18,050,382	482,151
William E. Mayer	18,010,777	521,756
Charles R. Nelson	18,053,408	479,125

Mr. Lowry, Mr. Mayer and Mr. Nelson 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:

2003	2004	2005
Mr. Hacker	Mr. Macera	Mr. Lowry
Ms. Kelly	Mr. Stitzel	Mr. Mayer
Mr. Neuhauser	Mr. Theobald	Mr. Nelson
Mr. Palombo	Ms. Verville	

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#### DIVIDEND REINVESTMENT PLAN

The Fund generally distributes net investment income monthly and capital gains annually. Under the Fund's Dividend Reinvestment Plan (the "Plan") all distributions will be reinvested automatically in additional shares of the Fund, unless the shareholder elects to receive cash or the shares are held in broker or nominee name and a reinvestment service is not provided by the broker or nominee. All cash distributions will be mailed by check directly to the record holder by the dividend paying agent.

If the market price of the shares on the distribution payment date is equal to

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or greater than the net asset value, Plan participants will be issued shares at the higher of net asset value or 95% of the market price. The aggregate market value of the shares may constitute income to shareholders for federal income tax purposes. However, if the market price of the shares is less than the net asset value, shares will be bought as soon as practicable (but no more than 30 days after the distribution, except as may be required to comply with federal securities laws) in the open market for the accounts of Plan participants. If, during this purchase period, the market price surpasses the net asset value, the average per share price paid may exceed the asset value of the shares, resulting in the acquisition of fewer shares than if the distribution had been in newly-issued shares.

All Plan accounts receive written confirmations of all transactions. Shares purchased under the Plan are held in uncertificated form. Each shareholder's proxy includes shares purchased pursuant to the Plan. The automatic reinvestment of distributions does not relieve participants of any income tax payable on the distributions.

Fees and expenses of the Plan other than brokerage charges will be paid by the Fund. No brokerage charges are incurred on shares issued directly by the Fund. Participants will bear a pro-rata share of brokerage charges incurred on open market purchases.

A Plan participant may terminate his or her participation by written notice to the Plan agent. The Plan may be amended or terminated on 90 days written notice to the Plan participants. All correspondence concerning the Plan should be directed to PFPC Inc., the Plan agent, by mail at P.O. Box 43027, Providence, RI 02940-3027 or by phone at 1-800-331-1710.

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### TRUSTEES

The Trustees serve terms of indefinite duration. The names, addresses and ages of the Trustees and officers of Colonial Intermediate High Income Fund, the year each was first elected or appointed to office, their principal business occupations during at least the last five years, the number of portfolios overseen by each Trustee, and other directorships they hold are shown below.

Name, address and age	Position with Liberty Funds	Year first elected or appointed to office	Principal occupation(s) during past five years
<hr/>			
DISINTERESTED TRUSTEES			
Douglas A. Hacker (age 46) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	2000	President of UAL Loyalty Services and Executive Vice President of United Airlines (airline) September 2001 (formerly Executive Vice President from July 1999 to September 2001); Chief Financial Officer of United Airlines since July 1999; Senior Vice President and Chief Financial Officer of UAL, Inc. prior thereto
Janet Langford Kelly (age 44) c/o Liberty Funds Group LLC One Financial Center	Trustee	2000	Executive Vice President-Corporate Development and Administration, General Counsel and Secretary, Kellogg Company (food manufacture

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Boston, MA 02111			since September 1999; Senior Vice President, Secretary and General Counsel, Sara Lee Corporation (branded, packaged, consumer-products manufacturer) prior thereto
Richard W. Lowry (age 66) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	1995	Private Investor since 1987 (formerly Chairman and Chief Executive Officer, U.S. Plywood Corporation (building products manufacturer))
Salvatore Macera (age 71) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	1998	Private Investor since 1981 (formerly Executive Vice President and Director of Itek Corporation (electronics) from 1975 to 1981)
Charles R. Nelson (age 60) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	2000	Professor of Economics, University of Washington since January 1976; Ford and Louisa Van Voorst Professor of Political Economy, University of Washington, since September 1993; Director, Institute for Economic Research, University of Washington, since September 2001; Adjunct Professor of Statistics, University of Washington since September 1980, Associate Editor, Journal of Money Credit and Banking, since September 1993; Trustee, Columbia Funds since July 2000; consultant on economic and statistical matters
John J. Neuhauser (age 59) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	1985	Academic Vice President and Dean of Faculty since August 1999, Boston College (formerly Dean, Boston College School of Management from September 1977 to September 1999)
Thomas E. Stitzel (age 66) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	1998	Business Consultant since 1999 (formerly Professor of Finance from 1975 to 1999 and Dean from 1977 to 1991, College of Business, Boise State University); Chartered Financial Analyst
Thomas C. Theobald (age 65) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	2000	Managing Director, William Blair Capital Partners (private equity investing) since 1994 (formerly Chief Executive Officer and Chairman of the Board of Directors, Continental Bank Corporation)

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TRUSTEES (CONTINUED)

Name, address and age	Position with Liberty Funds	Year first elected or appointed to office	Principal occupation(s) during past five years
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### DISINTERESTED TRUSTEES

Anne-Lee Verville (age 57) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111	Trustee	1998	Author and speaker on educational systems ne (formerly General Manager, Global Education Industry from 1994 to 1997, and President, Applications Solutions Division from 1991 to 1994, IBM Corporation (global education and global applications))
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### INTERESTED TRUSTEES

William E. Mayer** (age 62) c/o Liberty Funds Group LLC One Financial Center Boston, MA 02111 LLC	Trustee	1994	Managing Partner, Park Avenue Equity Partner (private equity fund) since February 1999 (formerly Founding Partner, Development Capi LLC from November 1996 to February 1999; Dean and Professor, College of Business and Management, University of Maryland from October 1992 to November 1996)
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Joseph R. Palombo** (age 49) One Financial Center Boston, MA 02111	Trustee and Chairman of the Board	2000	Chief Operating Officer of Columbia Management Group, Inc. (Columbia Management Group) since November 2001; formerly Chief Operations Officer of Mutual Funds, Liberty Financial Companies, Inc. from August 2000 to November 2001; Executive Vice President of S Roe & Franham, Incorporated (Stein Roe) since April 1999; Executive Vice President and Director of Colonial Management Associat Inc. since April 1999; Executive Vice Presid and Chief Administrative Officer of Liberty Group LLC (LFG) since April 1999; Director o Roe since September 2000; Trustee and Chairm of the Board of Stein Roe Mutual Funds since October 2000; Manager of Stein Roe Floating Limited Liability Company since October 2000 President of Galaxy Funds since September 20 (formerly Vice President of Liberty Funds fr April 1999 to August 2000; Chief Operating O and Chief Compliance Officer, Putnam Mutual Funds from December 1993 to March 1999)
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\* In addition to serving as a disinterested trustee of Liberty Funds, Mr. Nelson serves as a disinterested director of Columbia Funds, currently consisting of 15 funds, which are advised by an affiliate of the Advisor.

\*\* Mr. Mayer is an "interested person" (as defined in the Investment Company Act of 1940 ("1940 Act")) by reason of his affiliation with WR Hambrecht + Co., a registered broker-dealer. Mr. Palombo is an interested person as an employee of an affiliate of the Advisor.

\*\*\*In addition to serving as a trustee of Liberty Funds, Mr. Lowry, Mr. Neuhauser and Mr. Mayer each serve as a director/trustee of Liberty All-Star Funds, currently consisting of 2 funds, which are advised by an affiliate of the Advisor.



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OFFICERS

Name, address and age	Position with Colonial Intermediate High Income Fund	Year first elected or appointed to office	Principal occupation(s) during past five years
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OFFICERS

Keith T. Banks (age 46) Columbia Management Group, Inc. 590 Madison Avenue, 36th Floor Mail Stop NY EH 30636A New York, NY 10022	President	2001	President of Liberty Funds since November 2000; Officer and Chief Executive Officer of Columbia Management Group since August 2000; President, Columbia Investment Officer of Fleet Investment Advisory Company Managing Director and Head of U.S. Equity, J. (from November 1996 to August 2000); President of Liberty Funds since September 2002
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Vicki L. Benjamin (age 41) One Financial Center Boston, MA 02111	Chief Accounting Officer and Controller	2001	Controller of the Liberty Funds, Stein Roe Funds since May 2002; Chief Accounting Officer of Columbia Management and Liberty All-Star Funds since June 2001; Chief Accounting Officer of Galaxy Funds since September 2002; Chief Accounting Officer of Liberty Funds since September 2001 (formerly Vice President, Corporate Audit of Liberty Funds Company from May 1998 to April 2001; Audit Manager of Liberty Funds Senior Audit Manager from July 1997 to May 1998)
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J. Kevin Connaughton (age 38) One Financial Center Boston, MA 02111	Treasurer	2000	Treasurer of the Liberty Funds and Liberty All-Star Funds (formerly Controller of the Liberty Funds and Liberty All-Star Funds from February 1998 to October 2000); Treasurer of Liberty Funds (formerly Controller from May 2000 to February 2002); Senior Vice President of Liberty Funds since September 2002; Senior Vice President of Liberty Funds from April 2000 to January 2000; Senior Vice President of Liberty Management Associates, Inc. from February 1998 to January 2000; Senior Audit Manager; Coopers & Lybrand, LLP from April 1997 to May 1998
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Jean S. Loewenberg (age 57) One Financial Center Boston, MA 02111	Secretary	2002	Secretary of Liberty Funds, Stein Roe Funds since February 2002; General Counsel of Columbia Management Group since November 1996, Assistant Secretary of Liberty Funds since November 1996, Assistant Vice President of Fleet National Bank since September 1994, Assistant Vice President and Group Senior Counsel of Fleet National Bank from 1994 to September 2002); Assistant Secretary of Liberty Funds since 2002
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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

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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.

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Colonial Intermediate High Income Fund

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ANNUAL REPORT

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