

8. Income Taxes (continued)

As of 31 December 2018, the Group accrued deferred income taxes in respect of undistributed earnings of the Group's subsidiaries in the amount of \$35 million (2017 and 2016: \$Nil). The current tax rate on intra-group dividend income varies from 0% to 15%. The temporary differences associated with investments in subsidiaries were not recognised as the Group is able to control the timing of the reversal of these temporary differences and does not intend to reverse them in the foreseeable future. At 31 December 2018, the aggregate amount of such temporary differences, for which deferred tax liabilities have not been recognised, amounted to \$101 million (2017: \$1,439 million, 2016: \$898 million). The decrease in these temporary differences in 2018 was caused by the changes in the Russian tax regulations, which modified the rules for using zero tax rate in relation to capital gains of the Russian parent entities, if certain conditions are met.

In the context of the Group's current structure, tax losses and current tax assets of the different companies may not be set off against current tax liabilities and taxable profits of other companies in the same jurisdiction, except for the companies registered in Cyprus, Russia and the United Kingdom where group relief and tax consolidation can be applied. As of 31 December 2018, the unused tax losses carried forward approximated \$9,321 million (2017: \$9,893 million, 2016: \$9,729 million). The Group recognised deferred tax assets of \$199 million (2017: \$267 million, 2016: \$226 million) in respect of unused tax losses. Deferred tax assets in the amount of \$2,287 million (2017: \$2,339 million, 2016: \$2,329 million) have not been recorded as it is not probable that sufficient taxable profits will be available in the foreseeable future to offset these losses. Tax losses of \$8,492 million (2017: \$8,711 million, 2016: \$8,593 million) for which deferred tax assets were not recognised arose in companies registered in Canada, Cyprus, Italy, Kazakhstan, Luxembourg, Russia, Ukraine, the United Kingdom and the USA. Losses in the amount of \$8,399 million (2017: \$8,664 million, 2016: \$8,549 million) are available indefinitely for offset against future taxable profits of the companies in which the losses arose and \$93 million will expire within 10 years (2017: \$47 million, 2016: \$44 million).

9. Property, Plant and Equipment

Property, plant and equipment consisted of the following as of 31 December:

US\$ million	2018	2017	2016
Cost:			
Land	\$ 100	\$ 107	\$ 100
Buildings and constructions	1,752	1,894	1,755
Machinery and equipment	4,302	4,812	4,446
Transport and motor vehicles	226	255	223
Mining assets	2,084	2,461	2,440
Other assets	35	37	38
Assets under construction	378	549	424
	8,877	10,115	9,426
Accumulated depreciation, depletion and impairment losses:			
Buildings and constructions	(857)	(968)	(872)
Machinery and equipment	(2,647)	(2,906)	(2,637)
Transport and motor vehicles	(145)	(168)	(144)
Mining assets	(998)	(1,112)	(1,093)
Other assets	(28)	(28)	(28)
	(4,675)	(5,182)	(4,774)
	\$ 4,202	\$ 4,933	\$ 4,652

9. Property, Plant and Equipment (continued)

The movement in property, plant and equipment for the year ended 31 December 2018 was as follows:

<i>US\$ million</i>	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2017, cost, net								
of accumulated depreciation	\$ 107	\$ 926	\$ 1,906	\$ 87	\$ 1,349	\$ 9	\$ 549	\$ 4,933
Additions	-	-	-	-	-	-	579	579
Assets put into operation	-	224	350	31	58	2	(665)	-
Disposals	-	(1)	(15)	(1)	(2)	-	-	(19)
Depreciation and depletion charge	-	(80)	(313)	(23)	(82)	(3)	-	(501)
Impairment losses recognised in statement of operations	-	(4)	(10)	-	(15)	-	(8)	(37)
Impairment losses reversed through statement of operations	-	-	1	-	6	-	-	7
Transfer to assets held for sale	-	(20)	(35)	-	-	-	(10)	(65)
Change in site restoration and decommissioning provision	-	(5)	1	-	(1)	-	-	(5)
Translation difference	(7)	(145)	(230)	(13)	(227)	(1)	(67)	(690)
At 31 December 2018, cost, net								
of accumulated depreciation	\$ 100	\$ 895	\$ 1,655	\$ 81	\$ 1,086	\$ 7	\$ 378	\$ 4,202

The movement in property, plant and equipment for the year ended 31 December 2017 was as follows:

<i>US\$ million</i>	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2016, cost, net								
of accumulated depreciation	\$ 100	\$ 883	\$ 1,809	\$ 79	\$ 1,347	\$ 10	\$ 424	\$ 4,652
Assets acquired in business combinations	3	1	3	-	-	-	-	7
Additions	-	-	7	-	-	-	622	629
Assets put into operation	-	74	344	32	50	2	(502)	-
Disposals	(1)	(3)	(11)	(2)	(3)	-	-	(20)
Depreciation and depletion charge	-	(84)	(325)	(25)	(85)	(3)	-	(522)
Impairment losses recognised in statement of operations	(1)	(2)	(13)	-	(21)	-	(11)	(48)
Impairment losses reversed through statement of operations	3	9	25	-	30	-	1	68
Transfer to assets held for sale	-	(6)	(11)	(1)	(76)	-	(10)	(104)
Change in site restoration and decommissioning provision	-	8	-	-	36	-	-	44
Translation difference	3	46	78	4	71	-	25	227
At 31 December 2017, cost, net								
of accumulated depreciation	\$ 107	\$ 926	\$ 1,906	\$ 87	\$ 1,349	\$ 9	\$ 549	\$ 4,933

9. Property, Plant and Equipment (continued)

The movement in property, plant and equipment for the year ended 31 December 2016 was as follows:

<i>US\$ million</i>	Land	Buildings and constructions	Machinery and equipment	Transport and motor vehicles	Mining assets	Other assets	Assets under construction	Total
At 31 December 2015, cost, net								
of accumulated depreciation	\$ 97	\$ 822	\$ 1,798	\$ 79	\$ 1,192	\$ 12	\$ 302	\$ 4,302
Additions	-	1	5	-	-	2	442	450
Assets put into operation	-	64	209	14	43	3	(333)	-
Disposals	(1)	(5)	(12)	(2)	(9)	(4)	-	(33)
Depreciation and depletion charge	-	(72)	(309)	(21)	(79)	(4)	-	(485)
Impairment losses recognised in statement of operations	(4)	(42)	(90)	(2)	(30)	-	(11)	(179)
Impairment losses reversed through statement of operations	2	5	17	-	3	-	1	28
Transfer to assets held for sale	-	(4)	(10)	-	-	-	(10)	(24)
Change in site restoration and decommissioning provision	-	-	(3)	-	20	-	-	17
Translation difference	6	114	204	11	207	1	33	576
At 31 December 2016, cost, net								
of accumulated depreciation	\$ 100	\$ 883	\$ 1,809	\$ 79	\$ 1,347	\$ 10	\$ 424	\$ 4,652

Assets under construction include prepayments to constructors and suppliers of property, plant and equipment in the amount of \$36 million, \$60 million and \$34 million as of 31 December 2018, 2017 and 2016, respectively.

Impairment losses were identified in respect of certain items of property, plant and equipment that were recognised as functionally obsolete or as a result of the testing at the level of cash-generating units (Note 6).

The amount of borrowing costs capitalised during the year ended 31 December 2018 was \$1 million (2017: \$6 million, 2016: \$9 million).

10. Intangible Assets Other Than Goodwill

Intangible assets consisted of the following as of 31 December:

<i>US\$ million</i>	2018	2017	2016
Cost:			
Customer relationships	\$ 656	\$ 693	\$ 663
Water rights and environmental permits	57	57	57
Contract terms	21	26	25
Other	64	65	90
	798	841	835
Accumulated amortisation and impairment:			
Customer relationships	(525)	(513)	(460)
Water rights and environmental permits	(13)	(13)	-
Contract terms	(11)	(11)	(8)
Other	(43)	(45)	(70)
	(592)	(582)	(538)
	\$ 206	\$ 259	\$ 297